Austria	Sch20	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.800	Israel	Shk4.50	Philippines	Pso45
Belgium	BFr60	Italy	L2200	Poland	Zl 15,000
Cyprus	C£1.00	Jordan	JD1.30	Portugal	Esc175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM9.00	Lebanon	L£1,500	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh16	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.900
India	Rs20	Norway	NKr13.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Tuesday August 27 1991

D 8523A

BALTIC STATES

Nordic countries offer warm welcome

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BUSINESS SUMMARY

Washington issues China with trade ultimatum

The Bush administration has set a *September 30 deadline* for receiving "binding commitments" from Beijing which would lead to reduced protectionism in the Chinese market.

The deadline was set after negotiators failed in several days of talks to satisfy US demands for improved access to the Chinese market. Page 12

HUNGARY: International companies will be invited by the government to submit preliminary bids to build and operate the first privately-financed toll *motorway in a former eastern* bloc country. Page 12

TAKEOVER Panel: The UK regulator of mergers and acquisitions will acquire powers to police cold calling of private investors by bidders. Page 13

NORDBANKEN, the state-controlled Swedish bank, took control of Nobel Industries, the chemicals and defence concern, to rescue the group from financial collapse. Page 15

COMALCO, Australia's largest listed aluminium producer, more than halved its net profit for the half year to June 30 from A$80.6m ($63m) to A$32.4m. Page 15

LLOYD'S is to publish for the first time details of top underwriters' salaries in a move designed to make the London insurance market more open. Page 13

FOKUS Bank, Norway's third biggest bank, suffered a heavy first-half operating loss after credit losses of NKr559m ($81.7m). Page 15

FINANCIAL Times: European and Far Eastern share prices were unable to be updated for this edition due to technical problems.

WORLD NEWS

Heavy toll in battle for Croatian town

Dozens of people were reported killed when the Yugoslav army cut off the town of Vukovar, *in eastern Croatia*, pounding Croatian militiamen. Fierce battles also raged around Vinkovci and Borovo. Page 12

Lebanese amnesty

The Lebanese parliament approved a general amnesty for war crimes committed during 15 years of civil strife, bringing rebel general Michel Aoun a step closer to asylum in France.

Emotive Collor plea

Brazil's president Fernando Collor de Mello made an emotive plea for a proposed constitutional amendment he sees as central to economic reforms.

UN hostage hopes rise

UN Secretary-General Javier *Pérez de Cuéllar said he saw* movement in the Middle East hostage crisis and is to meet an Iranian envoy today. A spokeswoman said they hoped for results by early September.

Jail news blackout

A virtual news blackout was clamped on negotiations aimed at ending a six-day stalemate at the Talladega, Alabama, prison where Cuban exiles are holding 10 government workers hostage.

S Africa meeting off

South Africa's ruling National Party cancelled a meeting in the Orange Free State because right-wing extremists threatened to disrupt it.

Maoists murder priest

Suspected Maoist guerrillas shot dead an Italian priest north of Lima, the latest victim in a campaign to eliminate foreigners performing social work in Peru.

Soviet president sees faster implementation of market-oriented economic reform

Gorbachev clears way for Baltic independence

By Anthony Robinson in Moscow

SOVIET President Mikhail Gorbachev yesterday bowed to the new impetus for radical change stemming from last week's failed coup and opened *the gates* to Baltic independence and faster implementation of market-orientated economic reform.

Addressing a Supreme Soviet disgraced by its silence during the abortive coup, Mr Gorbachev said last week's events *had completely changed* the face of the Soviet Union.

The communist party has been swept from power and many of the obstacles to economic and political reform have gone with it.

Mr Gorbachev indicated that he would no longer insist on a five-year waiting period before granting independence to the Baltic states and other republics including Belorussia, and the Ukraine and Uzbekistan, which yesterday both voted for *independence*.

Shortly after Mr Gorbachev finished his speech to the Soviet parliament, however, Mr Boris Yeltsin, the Russian leader, made clear that republics, other than the Baltic states, seeking to leave the union would first have to discuss their future borders with the Russian federation.

A statement signed by Mr Yeltsin's press spokesman indicated that the Russian leader, who has emerged as the key power broker of the post-coup era, "reserved the right" to negotiate future borders.

It was an early example of muscle-flexing from the richest and most powerful of the 15 republics which is expected to safeguard the interests of ethnic Russians in all republics, and especially in the Ukraine and Kazakhstan which both have large Russian minorities.

Later, Mr Alexander Rutskoi, the Russian deputy president, told a press conference that the Russian republic was also demanding joint control over the Soviet union's nuclear weapons.

Under the Russian government's proposals strategic weapons could not be used by the Soviet authorities without Russian consent, so preventing *the risks involved in future* coup attempts.

The plotters who kept Mr Gorbachev under house arrest in the Crimea for nearly three days are believed to have taken the nuclear command equipment carried by the president away with them.

After a minute's silence in memory of the three victims of the coup, deputies to the Supreme Soviet, the standing parliament voted to convene a full congress of people's deputies for next Monday to approve a government to replace that sacked by the Soviet leader for its passivity during the coup.

It will also elect a speaker to replace Mr Anatoly Lukyanov. *He* denied charges that he had been the "ideologue" behind the coup but resigned in the face of criticism from the president and strong pressure from deputies.

The congress of 2,000 deputies will also vote on Mr Gorbachev's demand for rapid agreement on a new Union Treaty, followed by direct elections for a new Soviet president and parliament.

With the economy in sharp decline and winter approaching, Mr Gorbachev called for the elimination of all obstacles to a market economy created by the old system.

The Soviet president also accepted the de facto transfer of economic decision-making to the republics already decreed by Mr Yeltsin and other republican leaders.

Mr Nikolai Petrakov, one of the architects of the "500 days" plan for rapid economic reform put forward by Professor Stanislav Shatalin and others *last year but rejected by con*servatives, said the removal of the communist party from power would have a catalytic effect on economic reform.

Mr Grigori Yavlinski, one of the authors of the "grand bargain" plan for Marshall-aid type western economic assistance worked out with Harvard economists, has been appointed to a four-man committee headed by the new prime minister, Mr Ivan Silyaev, to speed up market-orientated reform.

Last night Mr Silyaev announced that he had agreed with Mr Gorbachev to appoint temporary heads of the most crucial ministries and banks. The heads of the two main banks – Gosbank, the central bank, and the bank for foreign economic relations – have been replaced.

Mr Andre Zverev, becomes the temporary chairman of Gosbank, and Mr Valery Telegin, has been appointed the temporary chairman of Vneshekonombank, the foreign trade bank.

Mr Yevgeny Saburov, who only last week was appointed Russia's economics minister, takes over as Soviet economy *minister, the job* previously held by Mr Vladimir Shcherbakov, the former first deputy prime minister.

Meanwhile, elsewhere in the Soviet Union, the republic of Moldavia encouraged by the Ukraine's declaration of independence, is expected to follow suit today as parliamentary deputies meet under mounting nationalist pressure.

Moldavia's declaration will open the way towards the eventual reunification of the republic with Romania. Moldavia was Romanian territory until the 1939 Molotov-Ribbentrop pact made its northern part Soviet *soil*.

"Moldavia's independence is only an intermediary step, not a goal in itself," said republican president Mr Mircea Snegur.

Moldavian nationalists, who *have lobbied for reunification* for two years, recently gained the upper hand politically after their quick condemnation of the coup last week in Moscow.

More than 60,000 demonstrators rallied in protest last Tuesday under the aegis of the Moldavian Popular Front.

A large crowd is expected today in front of the parliament to symbolise the popular support for the republics's independence.

The Ukrainian parliament dived head-first into the waters of sovereignty, after a year of inching across the beach. It *unanimously declared* the republic a fully independent state.

Lawmakers backed their symbolic decision to remove the statue of Lenin in their parliament, and install the yellow and blue Ukrainian national flag, by passing a series of hard-hitting political and economic resolutions.

If implemented, these would make the second largest Soviet republic a sovereign state.

The emergency session voted to take immediate control over all Soviet military units stationed on Ukrainian territory, to form a Ukrainian national guard, take command of the Ukraine's borders and introduce a distinct Ukrainian currency as soon as possible.

Solemn listener: Mikhail Gorbachev weighs up the debate among deputies after his speech to the Supreme Soviet

Bush warns of risks of Soviet disintegration

By Lionel Barber in Washington and Our Foreign Staff

PRESIDENT George Bush yesterday warned against the *danger of the Soviet Union* breaking up and cautioned other western countries that the US was not yet ready to support a substantial economic aid programme.

Mr Bush also fended off calls to extend full diplomatic recognition to *the Baltic* states, making it clear the onus lay on the Soviet authorities. But he said recognition of Lithuania, Latvia and Estonia was "very close".

His warning came as other governments rushed to embrace the Baltic states' declarations of independence by preparing to offer full diplomatic recognition. The European Community is today expected to recognise the independence of Lithuania, Latvia and Estonia.

During a joint news conference with Mr Brian Mulroney, the Canadian prime minister, Mr Bush said the US would respond precipitately to the "traumatic change" in the Soviet Union since the collapse of the right-wing putsch.

His remarks reflected the administration's growing concern about the disintegration of central authority in the Soviet Union and risk of anarchy spreading.

Mr Bush said he had told his senior officials not to make any commitments on "writing cheques" at the meeting of representatives of the Group of Seven industrialised nations on Thursday. "The US is not going to make precipitate commitments to things until we know what is happening."

However, he announced he was releasing $900m (£178.5m) of agricultural credits pledged earlier to the Soviet Union as a sign of his support for the changes under way.

Mr Bush, who is due to discuss western aid this week with Mr John Major, the British prime minister, came out strongly in favour of a new power-sharing agreement between Moscow and the republics. In the absence of a new Union treaty, prospects for reforming the economy were much more complex because of uncertainty over the enforcement of contracts, he said.

Although Mr Bush spoke enthusiastically about the fall of communism and the "inexorable" march of freedom in the world, *his* remarks could fuel criticism that the US is too passive a bystander to events.

The President, speaking at his summer home in Kennebunkport, Maine, appeared aware of this danger but said the US had a special responsibility to proceed cautiously. "You're asking me about some public works committee in downtown Kiev, and you want to know if we support them," he said with heavy sarcasm to a reporter's question.

Mr Lawrence Eagleburger, deputy US secretary of state, defended the president's caution over Baltic recognition in a TV interview yesterday. "I think the thing that we all have to worry the most about is that the process deteriorates into conflict."

Mr Eagleburger said the US wanted to see that "the process of reform" was in place before pledging large sums of money or other assistance. "We don't have to wait until it succeeds, but we have to have some confidence that it will in fact produce results", he said.

Many countries meanwhile followed the Nordic countries' early acceptance of the three Baltic states' independence.

Britain, France, Portugal and Germany yesterday signalled their backing for joint EC declaration of recognition, with Mr Hans-Dietrich Genscher, the German foreign minister, saying: "We will recognise them [the Baltic states] and we will take up diplomatic relations."

None of the 12 EC states ever accepted the annexation of Lithuania, Latvia and Estonia by the Soviet Union in 1940, and they consider the Baltics to be in a different *position from other Soviet* republics.

Iceland became the first country to formalise diplomatic ties by signing documents in Reykjavik with the foreign ministers of the three states. The trio then travelled on to Denmark and Norway to sign documents formalising the recognition of their independence.

Austria, Argentina, Canada, Czechoslovakia, Finland, Hungary, Poland and Romania all *said they were preparing to* establish ties.

ADT suspends dividend in move to cut debt burden

By Bernard Simon in Toronto

ADT, the secretive car-auction and security group, has suspended its dividend as part of a sweeping debt-reduction package that may also include the disposal of its 24 per cent stake in Christies, the auctioneer.

Announcing a 42 per cent *drop in first-half pre-tax prof*its, Mr Michael Ashcroft, ADT's chairman, said yesterday that "media attention and a changed lending climate" had led to the reappraisal of short and medium-term financial objectives.

The Bermuda-registered company, which has extensive operations in the US and Britain, aims to cut its debt by $500m over the next 18 months.

Mr Ashcroft said reduction of ADT's debt, which totalled just under $1bn on June 30, would be accomplished by disposing of investments, limits on capital spending and the suspension of dividends. He expected "appropriate" dividend payments to be resumed at the end of next year.

Pre-tax profits dropped to $85.1m from $145.7m. Net earn*ings fell 52 per cent to $62.2m*, or 61 cents a share, in the first half, from $129m, or $1.20 a share, a year earlier. Sales rose to $613.5m from $554.9m.

The figures include an extraordinary charge of $15.7m ($4.2m *last* year). *This* largely reflected $11.6m incurred in defending ADT's senior management against a lawsuit brought earlier this year by Ontario-based Laidlaw, which has a 28.4 per cent stake in ADT.

In a change of accounting practice, ADT has appropriated $160.5m from its retained earnings to cover the maximum premium liability it may incur on the redemption of a series of convertible preferred shares in 1994. In spite of the dividend suspension, ADT's share price moved up by $1.00 to $9.25 in early New York trading yesterday.

One analyst said he was encouraged by signs that the company was starting to *address concerns about its* financial policies and by the relatively buoyant performance of its core businesses.

ADT continues to be dragged down, however, by its non-core investments. Two items in the income statement, labelled "other income less expenses" and "interest expense and other investment income" produced a combined loss of $32.5m, against income of $37.1m last year.

Mr David Hammond, ADT's vice-chairman, ascribed part of the reversal to last year's sale of a 49 per cent stake in Quoteplan, and to the fact that there was no investment activity "of any substance" in 1991.

Market and investors hope pressure on Ashcroft is starting to pay off........Page 14

Quiet markets pause to ponder events

By Rachel Johnson, in London

MARKETS were quieter yesterday as traders chewed over the likely implications of events in the Soviet Union.

Public Holidays in London and Hong Kong thinned the volume of business in Europe and the US, giving investors an opportunity to focus on domestic economic fundamentals.

The dollar traded in a tight range after its New York opening of DM1.7495, with investors unwilling to risk large orders while news continued to flow out of Moscow. Sterling was little changed in New York at around $1.6795.

In the stock markets, turnover was up, with Frankfurt's DAX 30-share index rising 26.95 to 1,654.19.

At midsession on Wall Street, however, the Dow Jones Industrial Average had slipped 6.93 points to 3,033.33 ahead of Wednesday's second quarter gross national product data.

World stocks, Page 28
Currencies, Page 20

CONTENTS

SOVIET ECONOMIC REFORM

Arkady Volsky, one of the new team of four charged with running the Soviet economy, is a firm believer that there is a *natural* undertow moving the Soviet Union ineluctably towards a market economy
Page 32

FORTHCOMING FT SURVEYS

- **THURSDAY AUGUST 29:** Malaysia: one of Asia's most dynamic countries is attracting more foreign investors.
- **FRIDAY AUGUST 30:** Zimbabwe: 11 years after gaining its independence, the country is on the brink of a momentous change.
- **WEDNESDAY SEPT 4:** European Finance & Investment: Part 8: the Netherlands.

MARKETS

US LUNCHTIME RATES
Fed Funds $5\frac{5}{16}$%
3-mo Treasury Bills: yield: 5.55%
Long Bond: $99\frac{23}{32}$
yield: 8.14%

London markets were closed for the late summer Bank Holiday

STERLING
New York lunchtime: $1.6795

DOLLAR
New York lunchtime:
DM1.7485
FFr5.9365
SFr1.5240
Y136.93
Tokyo close: Y137.02

GOLD
New York: Comex Dec $350.4

STOCK INDICES
New York lunchtime:
DJ Ind. Av. 3,033.33 (−6.93)
S&P Comp 392.87 (−1.3)
Tokyo: Nikkei 21,592.27 (−473.07)

SELLING PRICE IN IRELAND 80p, IN MALTA 45c

The communist collapse leaves a giant hole at the heart of politics in the Soviet Union

After the party, a king-sized headache

By Anthony Robinson in Moscow

THE RED, white and blue tricolour of Russia has replaced the hammer and sickle flag of the Communist Party of the Soviet Union at the central committee building on Moscow's Staraya Ploschada, for most of this century the country's real centre of power.

Overnight the dominant ideology has been transformed from communism to nationalism. All over the country the party's property has been seized, its cells within the army, the KGB and in farms and factories have been dissolved. Its archives and other assets are under guard and have been placed at the disposition of local and republican authorities.

The party's icons, including that of Lenin and "Iron Felix" Dzerzhinsky, founder of the Cheka (forerunner of the KGB), have been dragged from their pedestals and Mr Mikhail Gorbachev, its general secretary, has resigned.

With extraordinary speed the victors of last week's failed coup against President Gorbachev and the constitutional order have moved to destroy the party which, in Lenin's words, "seized power from the gutter" in October 1917 and then proceeded to impose its will by suppressing all other political parties and imposing a reign of terror.

The communist party which lost power this weekend was very different from the tight-knit party of dedicated professional revolutionaries which seized their chance in 1917. A party which set out to change the world ended up as one of the most obtusely bureaucratic and reactionary political organisations ever seen.

But the reluctant coup de grâce delivered by President Gorbachev on Saturday night in a blizzard of decrees leaves a gigantic hole at the heart of Soviet politics which is unlikely to be filled quickly or tidily.

At present the vacuum is partially filled by charismatic figures such as Mr Boris Yeltsin, the Russian president, or the mayors of Moscow and Leningrad who have managed to become powerful points of reference and aggregation. All former communists, their popularity soared once they left the party, especially Mr Yeltsin who was widely perceived to have been a victim of its vindictiveness. After their resistance to the coup, the prestige of such men is sky high, but economic recession and a bitter winter loom.

Mr Yeltsin has also been particularly adroit at harnessing the rising spirit of nationalism, suppressed for so long in the name of proletarian internationalism.

As yet however, the myriad opposition parties which sprang up after the communist party's constitutional monopoly was removed in February last year, remain small, disorganised and prone to squabbling between and among themselves. There is little sign of the emergence of big, mass based political parties with clearly defined agendas and structures.

The best known of the new fledgling political movements is the Movement for Democratic Reform (MDR) whose members include prominent public figures such as Mr Eduard Shevardnadze, the former foreign secretary, and Mr Alexander Yakovlev, a long time aide to Mr Gorbachev. Another of the new political movements is Democratic Russia, which, like the MDR, is an umbrella movement of like-minded democrats rather than an organised political party.

At the other end of the political spectrum, hardline communists,

> As yet the myriad opposition parties which sprang up after the communist party's constitutional monopoly was removed in February last year, remain small, disorganised and prone to squabbling

including military men, have found a home for themselves in the Soyuz group, which harries radicals and democrats in the Supreme Soviet. However, many Soyuz members are switching allegiance to Mr Yeltsin, according to Mr Yuri Blokin, the Soyuz co-chairman.

The absence of organised political parties still provides a chance for what Mr Gorbachev calls "loyal communists" to re-group and to form a new "party of left-wing forces" as proposed by a group of central committee members over the weekend.

One of the most likely rallying points is the Communists for Democracy faction set up by Mr Alexander Rutskoi, an air force colonel and Afgahn war hero. Mr Rutskoi, who was expelled from the party when he set up the faction earlier this month, has just been promoted to general by Mr Gorbachev for his role in helping to rally anti-coup elements of the armed forces last week.

At a news conference yesterday, Mr Rutskoi said 2m people had applied to join a new parliamentary party which would be called the People's Democratic Party. The party would be aimed specifically at the more reformist members of the old communist party, Mr Rutskoi said.

After more than 70 years of being considered "builders of socialism" by an idoeological party, the assumption by the new politicians is that the electorate will not be attracted by parties which are too ideological in content.

The proposed new left-wing parties will be more modest than the old communist party which claimed a leading role in society. But the new parties will include men who learned their organisational skills in the hard communist school. They plan to compete for votes and influence as a normal parliamentary party against the thousands of other small political movements from monarchists to neo-Stalinists at the grassroots of the new political humus. It is possible that a solid, European type social democratic party will eventually emerge from the ruins of the communist party.

The party which was once a stepping stone to a good job through the *nomenklatura* system has been losing members for years. It lost 4m members last year and could lose the bulk of its remaining 15m members following the weekend's events. But it is difficult to see it disappearing in the same way as its East European counterparts. The Soviet party after all was a homemade church and its roots go deep into Russian history and traditions. From now on, the flood will turn into a haemorrhage.

Many, like Mr Gorbachev himself, still have a touching faith in the essential rightness of the communist party and a pride in its chequered history. Others believe that communism and democracy are contradictions in terms. They worry that the legacy of totalitarianism and authoritarianism bequeathed by the party will dog the Soviet union for generations.

Speaking during a break at yesterday's Supreme Soviet session Mr Georgi Arbatov, head of the US-Canada Institute, warned: "We have successfully managed the 'de-partisation' process, but we will not be able to proceed with building a really democratic society unless we now go forward with the same speed and energy towards demilitarisation. Some are already talking of the coup as a comic opera affair. It was not. It was deadly serious and could happen again unless the military are cut down to size."

Yakovlev fears hijack of new revolution

By Leyla Boulton in Moscow

WHEN, 11 long days ago, Mr Alexander Yakovlev, godfather of perestroika and estranged adviser to President Mikhail Gorbachev, left the communist party with a warning that the country was under threat from a Stalinist clique, little did he know his forebodings were about to come true.

Now, he is a hero of the new revolution, honoured at last week's victors' rally and freely mentioned for high office, perhaps as the next Soviet vice president. But he is worried again.

"I worry about the possibility that the real revolution might be used by people who have nothing to do with democracy," the 67-year-old former communist ideologue said in an interview.

Although he has publicly renounced the Marxist faith he first adopted in 1944, he still uses its jargon, in hesitant English, to explain his current fears. "I worry that a *lumpen* conscience might win and begin to crush everything."

He is speaking not just of the danger of an impoverished *Lumpenproletariat* flying into a blind destructive rage because it has nothing to lose.

"A *lumpen* mood and consciousness might include not just poor people but academics, engineers and so on – anybody who does not want to work but wants very much to grasp [what they can]."

Mr Yakovlev, one of the few senior communists to have spoken out before it became safe to do so, was packed off to Canada in 1973 after he published a stinging attack on all forms of chauvinism, including Russian nationalism.

He re-entered public life in 1985, when he became one of the closest advisers to President Gorbachev, who was attracted by his reformist policies. But the two men fell out this year when Mr Yakovlev became convinced that it was communist ideology itself that was faulty.

Now he sums up the communist experiment, only wiped out last week after 74 years, as simply "one big mistake". His critics, if not numerous at present, do wonder why it took him so long to come to this conclusion and whether his switch was not politically expedient.

His response is somewhat lame but similar to those one frequently bears from disillusioned communists. "In the past two years I began to read and study again, and I found

Mr Alexander Yakovlev: The 74-year Communist experiment was "one big mistake"

that not one of the predictions of Marx and Engels had come true."

Still, he was very much in the thick of the last throes of the party. As President Gorbachev was debating on Saturday whether to resign as general secretary, Mr Yakovlev played a key role in helping him make the jump.

"I took part in this meeting in which I insisted, or tried to insist, that Mr Gorbachev should leave this position," Mr Yakovlev says modestly. "I found him in a much better mood. He was much more decisive.... maybe he understands more than he did before."

Mr Yakovlev rejects suggestions that the drastic measures taken by Mr Boris Yeltsin, the Russian president, in the wake of the coup, could point to a new Russian "diktat" replacing that of central communist authorities.

"It's too early to say.... under the impact of these revolutionary days, certainly tough decisions were necessary. They can create the impression of a diktat and so on but what else could we do?" He suggests, however, that now "in the situation of peace, we should look attentively at any new leaders...."

But like many democratic leaders in the aftermath of the putsch's defeat – which has seen angry crowds proceed to tearing down communist monuments – Mr Yakovlev does express fears that the revolution could get out of control.

At the same time, he is wary of a rush by politicians to take credit for what was essentially a popular uprising. "There are a lot of people who would portray themselves as heroes... maybe soon they'll even say there were no people on barricades but some mythical figures who were responsible for everything."

He still insists he has no desire to take up a senior post of responsibility. "I am satisfied with my position," he says, referring to his place in the Democratic Reform Movement (DRM). The first opposition group to include big political heavyweights, it was launched by the former foreign minister, Mr Eduard Shevardnadze, another close Gorbachev ally turned opposition leader, who first warned of an imminent dictatorship last December.

Mr Yakovlev has taken on the role of chief ideologist for this movement. Denying that it is a programme, he says he has drawn up a "report" for the DRM's congress – initially scheduled for September to decide whether it should become a party. The congress may now be brought forward.

Mr Yakovlev for one is convinced that the DRM should become a party rather than a more amorphous movement (open to members of other parties including communists). But the beetle brows furrow again. "We need to create a new party but not a new face of the communist party... I'm worried that now many, many partocrats will join this movement."

The main argument against forming a party is that it could put off potential supporters. "My impression is that in my country there is an allergy to all parties."

He has given up his Kremlin office for more modest quarters in Moscow City Council – nominally because he is part of a think tank to run the capital. But he is clearly in the thick of things.

Not for the first time in the interview, he walked round beyond his desk to his bank of telephones. This time the call was from Mr Gavriil Popov, Moscow's mayor, and another of those trying to channel the revolution into constructive purposes. Mr Yakovlev puts down the phone, turns around and says: "Right that's it. I'm going." He is already a thousand miles away, wrapped up in the drama and the demands of these historic days.

Heads of two Soviet banks lose their jobs

By Leyla Boulton in Moscow

THE heads of the Soviet Union's central bank and its foreign economic relations bank were sacked last night by Mr Ivan Silayev, the Russian prime minister, for suspected collaboration with last week's coup attempt.

Mr Valery Telegin, head of Russia's foreign trade bank, took over temporarily as head of Vneshekonombank (state bank for foreign economic relations), responsible among other things for servicing the country's foreign debt,

Mr Viktor Gerashchenko, chairman of Gosbank (the central bank), was replaced temporarily by Mr Andrei Zverei, a much lesser known banker.

Following its defeat of last week's coup attempt, the Russian Federation has had a major say in all new appointments. Mr Silayev said he had made the new appointments with the agreement of President Mikhail Gorbachev

Mr Gerashchenko has earlier denied newspaper accusations at the weekend of having tried to build up a war chest for the coup leaders. He said he had simply acted to counter a run on banks which were majority Soviet owned. He said he had issued "a strong recommendation" that Soviet enterprises transfer the bulk of their savings in foreign banks – said to total $300m – to Soviet-dominated banks like Moscow Narodny in London. To prevent a run on reserves, he had also ordered a halt to the sale of foreign currency within the country.

He said his first contact with the coup leaders was on Monday, when he received a telephone call at noon from Mr Valentin Pavlov, the prime minister, who told him to act to recover payments owed by republican central banks to the central bank – which he also sought to do.

"I think it was just a continuation of the battle between the centre and the republics," he said of the coup, adding that he would not have behaved differently if given another chance. "Personally I don't think it is possible for state servants to act differently in something like the banking system."

Gorbachev's seven point programme

The following are extracts from President Mikhail Gorbachev's speech yesterday to the Supreme Soviet:

First of all, I support the decision taken by the USSR Supreme Soviet to convene an extraordinary Congress of People's Deputies of the USSR.

I submit to your consideration a proposal to invite to the congress deputies of the RFSFR [Russian Federation] Supreme Soviet and representatives of the parliaments of other republics.

The coup did not break out unexpectedly, out of the blue.

There was more than enough justification to take urgent measures to defend the constitutional order. However, it was not done even though it was not left without attention or evaluation.... instead of decisive actions, liberalism and indulgence were shown. In the first place, I refer to myself.

But this is a lesson of the first order, so to speak. There is a more important cause, or reason, which made possible this attempt against democracy.... a lack of decisiveness and consistence in carrying out democratic reforms, especially in those structures where the coup was growing.

Our good intentions, well-formulated goals and plans were largely not fulfilled because we failed to change the old mechanism of power.

The conspirators made two main miscalculations. They thought that our people could be manipulated, sent like a herd here and there. But the country is not the same any more. That's their main miscalculation. Since the country is not the same and the people are not the same, the army is not the same, either, because it is a part of the people.

This is one of the most important reasons for their failure. And yet, it turned out to be possible to move troops, tanks and other armoured vehicles into the streets of Moscow and Leningrad without confirmation by the supreme legislative body of the country.

I will not allow any hesitation or delays in implementing reforms as long as I am president. There will be no more compromises with those with whom it is impossible and impermissible to seek compromise.

My main wish is that whatever we do may be kept within a democratic framework and without blood. And this, perhaps, is [why I made compromises] when decisive measures were needed to prevent the entire country being plunged into a sea of blood.

There is another reason which made the process of reform so tortuous and had a bad effect on peoples' lives. It is the delay in eliminating the party monopoly on power, eliminating party-bureaucratic structures

> Our good intentions, goals and plans were largely not fulfilled because we failed to change the old mechanism of power

largely preserved since the previous regime.

The old system was undermined, disorganised, but continued to hold as much as it could and prevented forward movement. While talking about it, I think it is a matter of principle to separate millions of rank-and-file party members from the party bureaucracy. I have been saying this since the first days I was able to speak. It was my confidence in the millions of ordinary party members that gave me hope for the possibility of the party's radical transformation from a Stalinist into a modern, democratic organisation. The coup obliterated this hope.

And yet, despite all those reasons which made the conspiracy possible, it was doomed from the start. It turned out that the past six years were not in vain. The country and the people were changed beyond recognition.

I would like once again to express my unending gratitude to the hundreds of thousands of Muscovites who went out in the streets, looking fearlessly into the barrels of automatic weapons and tank cannons. They defended freedom and legality. Boris Nikolayevich Yeltsin and the Russian parliament, the people of Leningrad and their leaders, Kiev, the position taken by the people of other republics played a very important role in foiling the conspiracy.

What should we do now?

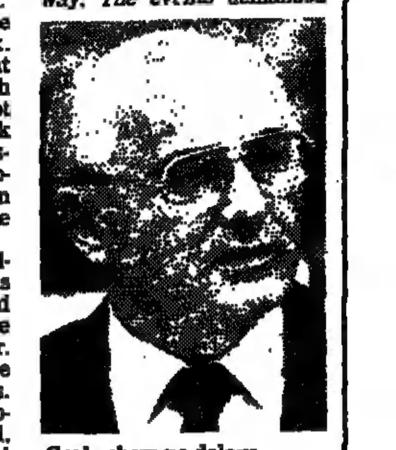
First, I think the most important thing is an immediate resumption of the signing of the union treaty. The conspirators managed to disrupt the planned signing. That was their priority.

Immediately after the treaty is signed, negotiations must be started with those who wish to leave the union. Preparations for this can be started now.

Considering the vital interest of all 15 republics in retaining economic ties, we must begin to work on an economic agreement and do it without delay.

Third, some issues of governing the country in the period before a new constitution is put into effect must be resolved at once.

Fourth, the conspirators would have been unable to carry out their plans if the Supreme Soviet of the USSR and its chairman had firmly and decisively stood in their way. The events demanded



Gorbachev: no delays

an immediate convening of the Supreme Soviet. Russia did it at once. It played a huge role in opposition to the putsch. The union Supreme Soviet failed to realise its constitutional authority at this moment.

Fifth, We must evaluate the situation and design and establish reliable constitutional, public control over the activities of the armed forces and law enforcement.

We need to conduct the reform of the Committee for State Security (KGB). An impenetrable shield must be erected to the use of security organs for anti-constitutional purposes. I will sign a decree on the subordination of KGB border guards to the Defence Ministry.

Sixth, on economic measures, the former line of gradual movement along the path of reforms in conditions of radical change in the situation in the country needs to be reconsidered.

I think our measures should include firstly, removing all obstacles artificially erected by those structures on the way towards the market. That is (give) full freedom to entrepreneurship, removing monopolism, dictate from above, forcible methods, creating basic market institutions.

We need:

- Decisive transfer of the emphasis in governing the economy and the responsibility for resolving economic issues to republics, with the union retaining legislative control for regulating a single economic space.
- To return to the idea of an inter-republican economic meeting.
- Decisive reduction of the budget deficit and budget expenditures, strengthening the rouble and normalisation of money circulation.
- Remove all obstacles to giving land to all those who want to work on it.
- A decisive acceleration of reorganisation of foreign economic and monetary relations, convertibility of the rouble, efficient use of credits and other economic assistance which the west is giving us and which it is prepared to increase.
- Ridding social policies of demagogy, groundless promises, unfulfillable programmes. We must get rid of economic populism. [We must concentrate] our attention on basic issues of social protection during the transition to the market – job placement, maintaining living standards especially of low-income people, housing, etc.

Seventh, immediately after the union treaty is signed [we must] begin the election campaign to elect all union organs, including the president.

Work must be done. People are expecting concrete decisions and concrete work from us. I think that the Supreme Soviet will ensure that legality, law and order exist. All those who took part in the conspiracy must get all that they deserve under the law. But on the other hand we, and I think all people, are against [senseless revenge]. That's it. I have finished.

Parliamentary foundations already in place

By Judy Dempsey, East Europe Correspondent

THE POLITICAL vacuum created by the collapse last weekend of the Communist Party of the Soviet Union could be rapidly filled by a stronger government, and by the Soviet republics.

Until 1989, the Union government and parliament – the latter then known only as the Supreme Soviet – amounted to no more than a rubber-stamp for the communist party's decisions and policies.

In May 1989, the foundations for a parliamentary institution were created through the mechanism of the USSR Congress of People's Deputies. In March 1990, a presidential system was established. Before then, the president's position had been largely titular.

- The USSR Congress of People's Deputies is the pinnacle of the system. In the constitution, it is the highest body of state authority. It and consists of 2,250 deputies.

In 1989, one third of deputies was appointed by bodies such as the communist party, the trade unions and the komsomol (communist youth movement). The remaining two thirds were elected in the country's first multi-candidate (but not multi-party) elections, held in March-May 1989.

The Congress of People's Deputies meets twice a year. It has two tasks – to elect an executive president, otherwise known as chairman of the USSR Supreme Soviet (still Mr Gorbachev), and the USSR Supreme Soviet.

- The Supreme Soviet is the Soviet Union's first permanent parliament – a bi-cameral body which consists of a Council of the Union and a Council of Nationalities, both drawn from the soviets and the ethnic groups. It has 542 members.

The body – a standing legislative, administrative and supervisory body – meets in the spring and autumn for two sessions, each of three to four months.

- The president's powers are now substantial. As chairman of the USSR Supreme Soviet, he can determine domestic, foreign and security policy, as well as negotate treaties, nominate the prime minister and other leading offices. He also oversees the KGB and chairs the defence council.

The president – who is elected by the Congress of People's Deputies for a five-year term, but for not more than two consecutive terms – is technically accountable to the Supreme Soviet and the Congress of People's Deputies, a body which can recall him by secret ballot.

In December 1990, through the USSR Congress of Peoples' Deputies, Mr Gorbachev strengthened the presidency by supplementing it with four powerful institutions: a vice-presidency, a Council of the Federation, a Cabinet of Ministers and a Security Council.

- The vice-presidency was created to assist the president. Mr Georgii Shakhnazarov, Mr Gorbachev's chief foreign policy advisor, said the vice-president was the second most powerful politician in the Soviet Union and had "very broad powers". The vice-president's main task is to organise the work of the Council of the Federation.

Mr Alexander Yakovlev was yesterday proposed to fill this post, held until last week by Mr Gennady Yanayev, one of the coup leaders.

- The Council of the Federation: Created in March 1990, it was designed to bring republican leaders closer to the presidency as a means of binding the Union. The council includes the presidents or parliamentary chairmen of the 15 republics. Its role is to monitor observance of the union treaty and to settle inter-ethnic conflicts.
- The Security Council: Set up to replace the old presidential council. Its function is to brief the president on defence, security and inter-ethnic relations. But the council cannot make independent decisions.
- The Cabinet of Ministers replaced the Council of Ministers and is headed by the prime minister. It has had little real clout because the Council of the Federation had not been consulted about its composition.

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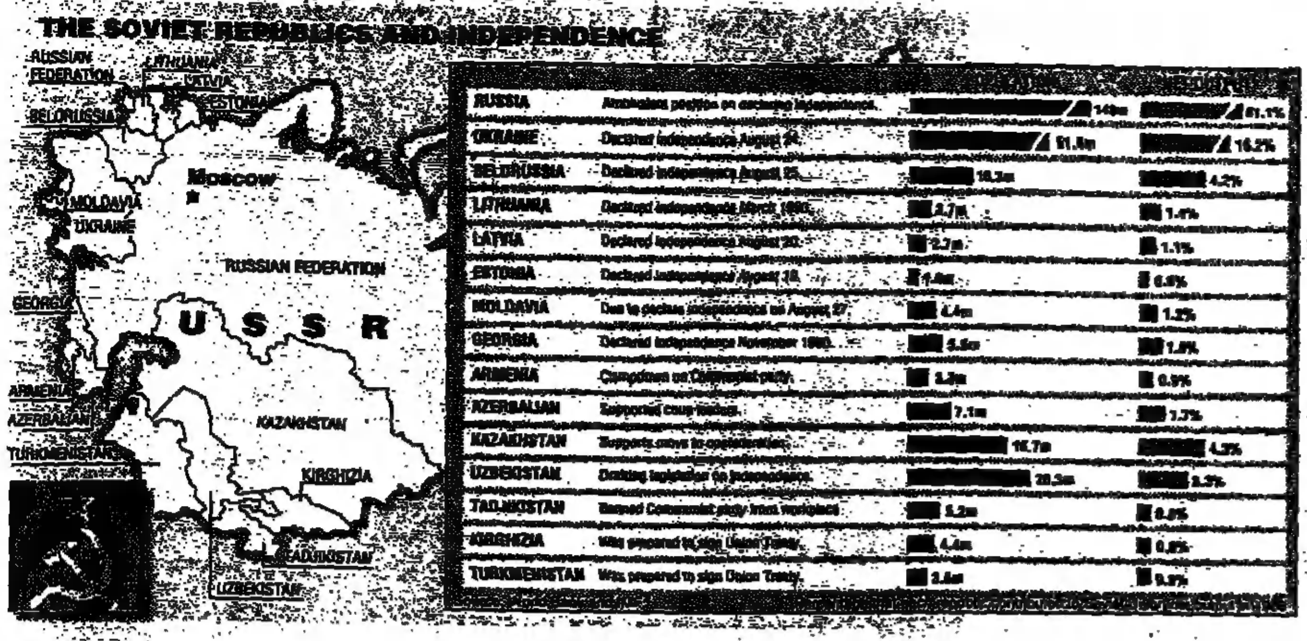
Soviet republics ponder the shape of things to come

The coup achieved the break-up of the union it sought to avoid, but the country's future form is unclear, writes Leyla Boulton



A MAN standing outside the Soviet parliament yesterday thrust a petition at passers-by: "Sign here to rename the Soviet Union the United States of Russia." Indeed, after President Mikhail Gorbachev yesterday recognised the right of Soviet republics to independence from his demolished central power base, it was as if the future shape of the country was suddenly open to suggestions from all and sundry.

Mr Gorbachev, pressed by Mr Boris Yeltsin, the Russian president, to recognise forthwith the independence of the Baltic states, said that after a new union treaty was signed, negotiations would begin with all republics which had boycotted the treaty.

With the removal of the old government and military top brass, their independence now seems just a formality. Since the putsch, the Ukraine and Belorussia have also declared their independence, and will probably be followed today by Moldavia. Armenia's president, Mr Levon Ter-Petrosian, said he was now absolutely certain that his republic would also follow next month. Georgia is already set on independence.

Among the hitherto loyal Central Asian republics, even Uzbekistan – or rather its discredited president, who is desperately seeking to stay in power – instructed parliament to work out a bill on Uzbek independence.

In short, last week's failed putsch has achieved exactly what it sought to avoid: the break-up of the Soviet Union. Even Mr Yuri Blokhin, co-chairman of the hardline Soyuz group, appeared to give up the struggle for a united motherland when he said its its collapse was already under way.

But despite the orgy of political declarations (some less serious than others), the exact shape of things to come is still up for grabs.

There are two basic scenarios. One is that Russia will become a new centre with a few satellites on its periphery. While the Baltics are a clear-cut case of annexation by Stalin in 1940, Russia is unlikely to be so keen on the departure of the Ukraine and Belorussia, its wealthy and longstanding neighbours.

Mr Sergei Stankevich, a radical leader and adviser to Mr Yeltsin, warned when asked about the Ukraine's plans to leave the Soviet Union: "I would like to separate political symbols and manifestations from reality. Politically they can proclaim any kind of independence but I hope our Ukrainian brothers will not forget one simple principle: Do not do any damage. The only way to survive is collectively."

But enlightened Russians such as Mr Stankevich also realise that any obvious attempt to rebuild a Russian centre tsarist-style will only chase away the outlying republics even faster.

The other, preferable option is a very loose confederation, which would make sense economically. But it is not clear whether republics hungry for freedom after seven decades of centralised rule (followed in recent years by chaotic attempts to hold the union together) will finally settle down to that option.

Despite the euphoria, even republics which want to restore their full independence, such as Lithuania, recognise that there may be a need for some sort of common market, joint economic reforms, and a phased switch to full-blooded trading relations.

The relatively successful example of EC integration, and the disastrous collapse in trade between the Soviet Union and eastern Europe after they switched to hard-currency trading at world prices, are there for all to learn from.

For the moment however, the trend is still going the other way – at least in the words of people such as Mr Yuri Boyars, a Latvian deputy, yesterday. "If we have an economic agreement, we will remain tied to the Soviet Union's woes and it will take a much longer time to put order in a small republic like Latvia," he said

Whatever happens in the end, the final model will be unique to the former Soviet empire.

Ukraine takes independence plunge

By Chrystia Freeland

THE Ukrainian parliament dived head-first into the waters of sovereignty on Saturday, after a year of inching across the beach. It unanimously declared the republic a fully independent state.

Lawmakers backed their symbolic decision to remove the statue of Lenin in their parliament and install the yellow and blue Ukrainian national flag by passing a series of hard-hitting political and economic resolutions.

If implemented, these would make the second largest Soviet republic a sovereign state.

The emergency session voted to take immediate control over all Soviet military units stationed on Ukrainian territory, to form a Ukrainian national guard, take command of the Ukraine's borders and introduce a distinct Ukrainian currency as soon as possible.

These measures took effect immediately, but the proclamation of independence remains to be ratified by 50 per cent support in a republic-wide referendum on December 1.

The parliament also voted to disband communist party cells in all government structures, such as the army and the KGB, and to give workers the right to decide whether to maintain the party organisations in their factories.

On Sunday, the Ukrainian parliament's presidium suspended all activities of the Ukraine Communist party and seized its property, pending investigation of Ukrainian communists' role in the failed Soviet putsch last week.

The Soviet empire depended on the Ukraine's agricultural and industrial muscle, as much as it relied on the region's Slavic people and culture.

The Ukrainian bid for independence heralds the emergence of a new country which, with 53m people and a territory the size of France, could be a big force in eastern Europe.

Mr Dmytro Pavlychki, a prominent opposition MP, hailed the weekend decision as "a step of historic importance. There has been nothing as significant since January 22 1918." From then, for the first time since the 17th century, the Ukraine enjoyed a few months of independence.

He and other opposition leaders insist that the Ukraine will not sign the new Soviet Union treaty under any circumstances, and reject even the notions of some economic or defence alliance with other former Soviet republics.

The radical stance of the hitherto cautious republic is yet another indication that Soviet President Mikhail Gorbachev's triumph over hardliners was a pyrrhic victory. He is deeply committed to preserving the Soviet Union – he urged republics yesterday to sign the Union treaty as soon as possible – but the crisis of last week has caused the Ukraine to take the plunge into independence.

The putsch fatally weakened the Ukrainian communist party. This traditionally orthodox body, through its parliamentary majority, had acted as a brake on the nationalist aspirations of the Ukrainian opposition movement.

The party central committee, and communist cabinet ministers, are implicated in the attempted coup. (Some took down portraits of Mr Gorbachev early last week.)

Even Mr Leonid Kravchuk, chairman of the Ukrainian parliament and a moderate Communist, is being criticised for not having coming to Mr Gorbachev's defence swiftly and explicitly enough. He had been the front-runner for the republic's forthcoming presidential election.

Those communists, such as Mr Oleksandr Moroz, leader of the Communist group in parliament, not tainted by charges of collaboration are planning to form an independent Ukrainian communist party and have become overnight supporters of independence. They fear that, in a Yeltsin-dominated Soviet Union, they would pay dearly for their political affiliation.

Ukrainian politicians, if they are to achieve the independence they have declared, will need to resolve various prickly issues. These include peaceful disposal of the nuclear weapons in the Ukraine; division of all-Union debt as well as reserves of hard currency, gold and diamonds; plus protection of the 11m Russians living in the Ukraine.

On Sunday, though, Ukrainian leaders celebrated their local revolution in time-honoured fashion – they liberated all the political prisoners in the republic.

A Ukrainian anti-communist demonstrator celebrates in Kiev yesterday

Breakaway Moldavians may rejoin Romania

By Ariane Genillard in Kishinev, Moldavia

ENCOURAGED by the Ukraine's declaration of independence, the republic of Moldavia is expected to follow suit today as parliamentary deputies meet under mounting nationalist pressure.

Moldavia's declaration will open the way towards the eventual reunification of the republic with Romania. Moldavia was Romanian territory until the 1939 Molotov-Ribbentrop pact made its northern part Soviet soil.

"Moldavia's independence is only an intermediary step, not a goal in itself," said republican president Mircea Snegur.

Moldavian nationalists, who have lobbied for reunification for two years, recently gained the upper hand politically after their quick condemnation of the coup last week in Moscow. Over 60,000 demonstrators rallied in protest last Tuesday under the aegis of the Moldavian Popular Front. A large crowd is expected today in front of the parliament to symbolise the popular support for the republics's independence.

Moldavia is counting on Romania recognising its independence, said Mr Snegur. "It would be a great pain for us if Romania was not the first country to fully recognise us."

Relations between Soviet Moldavia and Romania have improved steadily since the 1989 revolution in Romania which toppled the communist dictator Nicolae Ceausescu. But while opposition groups in Romania have raised the issue regularly, the ruling National Salvation Front has kept a lower profile.

Only three months ago, President Ion Iliescu of Romania signed a treaty of friendship and co-operation with Soviet President Mikhail Gorbachev. This treaty said both countries would respect the inviolability of existing frontiers as set by the Helsinki Agreement. Mr Iliescu's attitude could change, however, if it became politically advantageous for him to support reunification.

"A separate Moldavian state next to Romania is clearly unnatural," said Mr Alexandru Mosaru, president of the Moldavian parliament. "But reunification will depend on the political and economic changes we will observe in Romania."

Some 65 per cent of the republic's inhabitants are ethnic Romanians. After 50 years of Soviet domination, Romanian was finally reinstated as the official language in the republic two years ago.

In the meantime Moldavia's declaration of independence will also underline the efforts of its leaders to silence the non-Moldavian minorities on its territory – 35 per cent of the 4.2m population are Russians and Ukrainians. They oppose the nationalist leaders in Kishinev, the capital.

These minorities last year declared a self-proclaimed republic of Transdniestria (population 740,000), near the Ukraine. They have seen their power weakened after they failed to condemn the coup in Moscow last week.

Thatcher: I know how it feels

MRS Margaret Thatcher, the former British prime minister, has seized on the abortive Kremlin putsch against President Mikhail Gorbachev to deliver a coded attack on cabinet colleagues who helped topple her from power last year, Lionel Barber writes from Washington.

Writing in Newsweek magazine, Mrs Thatcher said: "The worst thing, when these occasions occur, is the realisation that some of those whom you have trusted were most prominent in your betrayal. And you look back to see if you weren't too trusting."

Mrs Thatcher lamented that, like Mr Gorbachev, she might have paid too much attention to "getting things done" and not enough to what was going on around her. "I'm not a very skilled politician," she claimed.

In fact, Mrs Thatcher has skilfully exploited the Kremlin coup in the US to press her pet causes: the pre-eminence of the Nato alliance, full European Community membership for the newly emerging democracies in eastern Europe, and western vigilance against a resurgence of hardliners.

"I've been watching communists and socialists all my political life," she said. "They won't give up."

Mr John Major, Mrs Thatcher's successor, arrives in Washington today for talks with President George Bush.

In her article, Mrs Thatcher, prime minister for more than 10 years, hinted that she has plenty of advice on how to shape the new post-communist order. "This is no time to be piffling and small-minded, to find reasons why we can't help. It's a time for big minds and bold policies," she wrote.

EC expected to recognise Baltics today

By David Gardner in Brussels

THE European Community is today expected to recognise the Baltic states' independence once a form of words can be found to placate Spain, a senior diplomat preparing the foreign ministers' meeting in Brussels said yesterday. Madrid wants to discourage the Basques and Catalans from presenting the Baltics as a precedent for their own aspirations to independence.

Denmark, Germany, Belgium, and now France and the UK have already given at least implicit recognition to the Balts. The EC is today also expected to reach preliminary conclusions on how to bolster reform in the Soviet Union.

Diplomats and Brussels officials say the ministers will find it more difficult to agree a joint approach towards the rest of the disintegrating Soviet Union.

They say answers will be needed to three main questions:

- Should the EC recognise other Soviet republics, such as the Ukraine and Georgia, which have declared independence?
- Who should the EC deal with to implement this year's Soviet aid and credit package of Ecu1.15bn (£800m)?
- Depending on the answer to both these questions, what further steps should be taken to back reform in the Soviet Union?

The Baltic states aside, the EC would prefer the rest of the Soviet Union to organise itself into a loose confederation within a single economic space. This is partly because of the greater cost involved in helping to reconstruct fragmented economies and partly because of the fear of inter-ethnic bloodletting inside republics which are not homogeneous or whose borders are disputed.

The problem of disbursing existing aid commitments can probably only be resolved once it is clear who is in charge in Moscow, and what their intentions are towards the rest of the union, diplomats say.

The question of future aid will probably be left to a European summit, expected shortly. For now, Germany, Italy, France and the UK – the EC's four Group of Seven members – are likely to press for the World Bank and International Monetary Fund to admit the Soviet Union as a full member.

The first three of these countries are also pressing for increased aid now that the hardliners who obstructed Soviet reform have been cleared away. Germany already has bilateral aid commitments with Moscow of $34.3bn (£20.4bn), Italy of $5.5bn, and France of $1.2bn. Diplomats nevertheless expect the Twelve to emphasise the quality rather than quantity of assistance.

The rapid collapse of last week's coup has pushed back Brussels' plans to speed efforts to forge closer political and economic links with eastern and central Europe. Nevertheless, senior officials from the Commission and the current Dutch presidency insisted yesterday that the Community would deliver on last week's pledge to offer broader "association agreements" to the former Soviet satellite states, designed to lead to eventual EC membership.

Nuclear nerves in Bonn

By David Goodhart in Bonn

ALL foreign policymakers can be forgiven some confusion in the face of recent events in the Soviet Union, but the Germans, having given the most uncritical backing to President Mikhail Gorbachev, are arguably the most disoriented.

Mr Hans-Dietrich Genscher, the foreign minister, told the foreign affairs committee of the Bundestag last week that Germany must support the development of more "federative structures" in the Soviet Union. And yesterday Mr Dieter Vogel, the government spokesman, said German economic aid would be increasingly directed at the republics.

But there are also some senior officials who warn privately that the break-up of the Soviet Union, excepting the breakaway Baltic states, might not be in German interests, especially if it leads to the creation of new nuclear powers, such as the Ukraine, on its doorstep. Mr Otto Lambsdorff, leader of the liberal FDP and a senior figure in the coalition government, said yesterday that recognition of the Ukraine or Belorussia was still a long way off.

German caution in the face of a possibly chaotic dissolution is understandable given its geographical proximity and the continuing presence of 273,000 Soviet troops in east Germany.

Yesterday Mr Hans Schumacher, Foreign Ministry spokesman, said that Germany, like most other countries, hoped the centre would remain competent to control Soviet nuclear weapons but added that it would be foolish to oppose a high degree of sovereignty for the larger republics.

Chancellor Helmut Kohl and Mr Genscher are both stung by the accusation of being uncritically Gorbachev-centred, but Mr Lambsdorff says German policymakers had clearly not taken Mr Boris Yeltsin seriously enough. The German government has now extended an invitation to Mr Yeltsin, but as recently as June, when the Russian leader was in the US, it had refused to do so.

Germany's exceptionally low-key reaction to the first wave of violence in the Baltic states and to the Soviet removal of the East German leader Mr Erich Honecker indicated that, even more than most other western countries, Germany was ready to go on giving Mr Gorbachev the benefit of the doubt.

Bonn will make a new appeal for the return of Mr Honecker and Germany is also now in the forefront of calls for recognising the Baltic states. Now that Russia has also supported their independence, that is no longer very daring – but only last week Germany appeared to be counselling Denmark against such a radical step.

States 'fail to understand free market'

By Robert Taylor in Stockholm

THE Baltic states will find it hard to become free market economies because their leaders suffer from a "widespread lack of understanding" of what it entails.

This is the main conclusion of a survey of the Baltic economies commissioned by Sweden's Foreign Ministry in co-operation with governments and economists in the region. The full report will be published in English later this year.

The report urges "a radical change in the business culture if the Baltic economies are to adjust to the sharp changes of conditions which are inevitable in the coming few years".

There is "inertia" in the Baltic states in adjusting to new market conditions and "little consciousness of marketing requirements".

The report emphasises the ambivalent attitudes towards the market among Baltic officials and economists. In Lithuania there is a "formalistic approach" to reform based on a belief that "a capitalist economy can be legislated into existence". It argues that the legalistic forms for creating a market may exist, but "without the critical necessary condition – namely, the existence and active encouragement of a dynamic group of entrepreneurs". While privatisation of existing state assets is given considerable attention, newly emerging private economic activity "seems to be viewed with suspicion and mistrust".

The report also stresses the need to create some form of monetary autonomy to protect the local market from the inflationary pressures emanating from the excess supply of roubles.

Its main short-term conclusion is that the Baltic governments are in a dilemma. "Inevitably they have adopted an interventionist stance on prices, production and delivery obligations, on the movement of goods and services in and out of their countries." But on the other hand, their reform programmes have emphasised the need to shift to a market economy with very much less state intervention.

However, the survey is not wholly pessimistic. It believes in the longer term the Baltic states could become entrepôt intermediaries between the Soviet Union and the rest of the world – thanks to their location and "undoubted potential as a source of high-tech services".

The industrial structure of each Baltic state is heavily dependent on links with other Soviet republics, for both supplies of inputs and markets for outputs. In the short term this will constrain the options open to the states by making it "difficult quickly to replace Soviet sources of supply or create alternative markets".

The report also emphasises that the existing economic links among the three republics are insignificant, with little commodity trade between them, while their economies "only have a very limited direct trading connection with the rest of the world".

The promotion of foreign trade is a "critical task". But the study draws some comfort from "the underlying potential for successful industrial transformation" that "derives from the technical competence" of the Baltic labour force.

The relative sophistication of the Baltic economies in the Soviet context, as shown by the development of high-tech industries, could provide the necessary flexibility to adjust to the requirements of international trade, the report argues.

UP TO $3.5bn AID MAY BE NEEDED, SAYS EC

THE three Baltic states will need $2.5bn-$3.5bn (£1.5bn-£2bn) of aid and outside investment over the next 18 to 24 months if they are to achieve financial independence, according to European Commission estimates, Andrew Hill reports from Brussels.

Commission officials suggested yesterday that if financial assistance were made available to the Baltic states, it could be modelled on the G24 countries' programme of aid to central and eastern Europe. Over the last two years Ecu25bn (£17.5bn) in various forms has been committed to six reforming countries via this programme.

Mr Henning Christophersen, the EC commissioner for economic and financial affairs, is to provide Mr Jacques Delors, Commission president, with an outline macro-economic analysis of the Baltic states before today's meeting of EC foreign ministers.

Mr Christophersen, who has been working on a report on the Baltics since June, will present a full analysis to his colleagues at next week's Commission meeting. He and his advisers have already started examining the financial and economic viability of other Soviet republics, anticipating further moves towards independence.

Details of the report on the Baltics are still to be worked out, but officials said yesterday that any aid would have to be a "cocktail" of a number of elements. The mix would probably have to include some form of stabilisation fund to encourage convertibility of currency in the Baltic states, which have no monetary reserves.

The G24 programme of assistance, which is co-ordinated by the Commission, includes emergency aid, balance-of-payments loans, grants and credits for economic restructuring and export credits and investment guarantees. In return Romania, Bulgaria, Hungary, Poland, Czechoslovakia and Yugoslavia are expected to show progress in democratic and economic reform, and on human rights.

INTERNATIONAL NEWS

Human rights group claims well-being of Palestinian populations threatened

Rise in Israeli settlements seen as peace obstacle

By Tony Walker in Jerusalem

ISRAEL HAS accelerated land seizure and settlement in *territories occupied* in the 1967 war, continuing to undermine Middle East peace prospects, an Arab human rights organisation said yesterday.

Al-Haq, affiliated with the Geneva-based International Commission of *Jurists, said* in a report that since early 1990 there had been a sharp increase in new settlers in the West Bank and Gaza Strip, and in territory seized for Israeli use.

The Palestinian human rights body reported that more than 60 per cent of the West Bank and Gaza had been alienated for Israeli use with the addition of some 7 per cent of "confiscated land" in the past 18 months. The number of settlers in occupied east Jerusalem and in the West Bank and Gaza Strip now exceeded 230,000, with a 14.6 per cent increase in east Jerusalem alone since January 1990.

"Settlement plans have been and are in the process of being implemented at a greatly expanded pace, with no regard for Israel's obligations as an occupying power under international law," the report said. "These policies and practices pose a grave threat to the well-being of the Palestinian population and an even greater threat to any long-term solution to the Palestinian-Israeli conflict."

Mr *Ariel Sharon*, Israel's housing minister, has said repeatedly he intends to press ahead with expansion *of settlements* in the West Bank and Gaza Strip, home to nearly 2m Palestinians. Israeli ministers insist they will not yield territory in the West Bank in spite of US-sponsored efforts to promote a Middle East settlement based on Israel exchanging land, occupied in 1967, for peace with the Arabs.

The Al-Haq report said, in reference to the influx of Soviet Jews to Israel, that the "increase in illegal land acquisition and settlement has accompanied the most significant rise in Jewish immigration since the first few years of Israel's 43-year history".

Soviet Jewish arrivals are running at about 10,000 a month, down from the 30,000 a month late last year. Since the start of 1990 about 310,000 Soviet Jews have arrived in Israel.

● Palestinian leaders engaged in discussions with the US on steps to Middle East peace, were yesterday questioned by Israeli police on their alleged contacts with the Palestine Liberation Organisation (PLO), a proscribed organisation in Israel.

Mr Faisal Husseini and Ms Hanan Ashrawi, Palestinian residents of the occupied territories, were released on $2,000 bonds obliging them to return for further questioning if required.

Police questioned the representatives on their talks in *London* earlier this month with PLO officials on preparations for a peace conference.

Collor in emotive appeal for change to constitution

By Christina Lamb in Rio de Janeiro

Collor de Mello: recognises reforms will not succeed without consensus

BRAZIL'S President Fernando Collor de Mello has made a strong plea for support for a proposed constitutional amendment.

With inflation this month forecast to be back up to a monthly rate of 15 per cent, Mr Collor believes the amendment is central to the success of his flagging economic reform programme.

In a televised address to the nation on Sunday night, after kissing a statuette of the Virgin Mary, he appealed to "all the political class, the workers, the unions, society as a whole to be open to constructive discussion [to the proposal] in which we put national interest above everything."

The proposal, announced last Thursday, involves 44 changes to the 1988 constitution. Known as the "Emendão" or Very Big Amendment, it seeks to increase federal revenues and cut spending to stop the Treasury plunging back into the red.

The most controversial points are:

● The end of banking secrecy, to enable the government to toughen up on income tax collection;

● The abolition of security of tenure for civil servants who have served five years;

● New powers enabling the government to reduce salaries of state employees and judges;

● The suspension of a provision which forbids the government from collecting new taxes in the same year the tax is introduced;

● A reduction in education *spending*.

The proposal has met opposition across the political spectrum, with congressmen fearing a reduction of powers.

Mr Collor's speech marked a recognition that his reforms will not succeed without consensus. However, laden with gimmicks such as cutaways to the Brazilian flag and the Virgin Mary while the national anthem played in the background, it only heightened criticism.

The president held a meeting with the 27 state governors yesterday *in which he was* expected to threaten not to roll over their debt – states and municipal debt to the federal government is estimated at $57bn for 1992 – unless they gave their support to the constitutional amendment and rescinded their right to federal revenues. States currently *receive 48 per cent of federal* tax revenues.

Mr Collor knows that unless he can secure the governors' support, along with that of their parties, a constitutional amendment would be impossible.

Rover faces setback in Brazilian battle over trademark

ROVER, the British car group, may have lost its best chance for a swift settlement over its Brazilian trademark following a threat by a *Rio de Janeiro* court to bar the president of Brazil's Trademark Commission (INPI) *from the case*, writes Victoria Griffith in São Paulo.

The judge has asked Mr Paulo Afonso Pereira, INPI's president, to respond to charges that he has prejudged the fight over the Land Rover trademark.

If INPI is barred from making a final decision on the case, the legal battle would move to the notoriously slow federal courts and could take up to 10 years to be resolved.

The battle began earlier this year when Rover decided to set up an import shop in São Paulo. The group learned, however, that Mr Hilton Pereira (no relation to Paulo Afonso), a Brazilian car dealer, had already registered the trademark and had started selling Land Rover models in the Brazilian market.

The INPI president told two *Brazilian journalists that he* was leaning in favour of UK Land Rover on the trademark decision. Mr Hilton Pereira then charged he had prejudged the case.

UK Land Rover registered its trademark in Brazil in the 1950s, but the registration lapsed. Mr Hilton Pereira says *he plans to expand his Land* Rover import business.

A high court decision which would force UK Land Rover to close its Brazilian operations is still pending.

Pakistan voices Afghan hopes

By Farhan Bokhari in Islamabad

EVENTS in the Soviet Union might encourage a political solution to the conflict in Afghanistan, Pakistan's government said yesterday.

Mr Sheharyar Khan, Pakistan's foreign secretary, said he *was hopeful events emerging* from Moscow would provide impetus for such a solution.

His statement came shortly before the second round of three-day trilateral talks on Afghanistan, due to begin in Tehran tomorrow. Representatives from the Pakistani and Iranian governments are due to meet representatives of Afghan mujahideen factions based in the two countries.

Mr Khan said he expected *the talks to narrow differences* among parties to the Afghan problem, as a step towards resolving the dispute.

Pakistani officials have been monitoring events in Moscow to see if there would be any change in Soviet policies towards Afghanistan. Senior officials have said that success of the hardliners could have strengthened the communist government of President Najibullah in Kabul.

● *Three fundamentalist* guerrilla leaders said yesterday they would boycott this week's talks aimed at forging a plan to end the 13-year-old war in Afghanistan, AP reports from Peshawar.

Argentina to negotiate IMF medium-term loan

ARGENTINA is preparing to negotiate a medium-term loan with the International Monetary Fund, Mr Domingo Cavallo, economy minister, said yesterday, writes John *Barham in Buenos Aires*.

The minister gave no details. The IMF's medium-term extended fund facility loans are usually for three years and carry less stringent conditions than its stand-by loans.

Last month the IMF approved a $1.04bn stand-by loan for Argentina, the country's sixth since 1983.

Although Argentina has yet to comply with any of its *recent accords with the IMF*, Mr Cavallo has promised he will meet the fund's tough performance targets this time.

Argentina's foreign debt at the end of 1990 stood at $60.97bn.

Rescue fund crisis may slow US bank reform

By George Graham *in Washington*

THE US administration's hopes of pushing a comprehensive banking reform bill quickly through Congress may have suffered a setback following a *warning* that the two main agencies dealing with collapsed banks and savings and loans organisations are swiftly running out of money.

The General Accounting Office (GAO), a congressional *auditing and investigative* body, has warned in a report that the Bank Insurance Fund of the Federal Deposit Insurance Corporation (FDIC) is likely to be insolvent by the end of the year.

Unless additional funding legislation is passed by then the fund will not be able to borrow new money and its efforts to deal with new bank failures could be paralysed.

The Resolution Trust Corporation (RTC), set up to handle failed savings and loan organisations, is also likely to have *spent by the end of the year* about $8bn more than the $80bn so far allotted to it.

The GAO warns it will need new funding authority by the end of September.

Mr Henry González, chairman of the House banking committee, said Congress might have to act in the next 60 days to replenish the bank insurance fund. If necessary, he was ready for refinancing legislation to be pushed through ahead of the omnibus banking bill to which it is currently attached.

The administration has sought to tie the fund's replenishment to an overhaul of banking legislation. Many legislators are unhappy with the separate bank reform bills adopted by the House and Senate banking committees.

The GAO report warned that 34 large banks, with assets of more than $100m each, were more likely than not to fail this year unless they received some form of capital injection.

These failures could cost the bank insurance fund about $5bn.

Treuhand expands commercial paper issue by DM3bn

By Leslie Colitt in Berlin

THE east German Treuhand privatisation agency is to expand its commercial paper programme by DM3bn to DM5bn ($2.9bn) to finance the restructuring of *companies* it owns.

The Treuhand issue is the largest in the fledgling German commercial paper market, which began operating earlier this year.

Dresdner Bank is arranging the issue, with Deutsche Bank co-arranger. Seven other international banks will offer the paper, in addition to the original four institutions selling Treuhand paper.

The issue – the *only* one with a short-maturity and a low federal government risk – has proved popular among institutional investors inside Germany and abroad.

Meanwhile, the Treuhand is to invest DM341m in Mitteldeutsche Kali (MDK), east Germany's largest potash mining company, to *allow restructuring* over the next two years. Nearly 6,500 jobs will remain from an original workforce of 32,000.

The agency said it would also invest DM30m to reduce the amount of salt which enters the polluted Werra river from the mining company.

● Deutsche Waggonbau, Germany's largest railway carriage manufacturer, based in Görlitz, east Germany, has concluded a DM1.4bn deal to sell rolling stock to the Soviet Union. The company will *export 1,300 rail carriages* and 500 refrigerated cars to Moscow next year.

Financing is to be arranged with the Soviet Foreign Trade Bank by the Kreditanstalt für Wiederaufbau and a consortium led by Dresdner Bank.

Export controls attacked

By David Goodhart in Bonn

GERMAN business groups are continuing to complain about the government's tight system of export controls, introduced earlier this year.

The DIHT, the national association of chambers of commerce, said at the weekend that the new regulations were *creating "serious difficulties"* for exporters.

The tougher controls were introduced after several German companies easily by-passed previous regulations and helped construct weapons *of mass destruction in the Middle East*.

● Some investors in eastern Germany should find it easier to obtain low-interest loans, following a measure announced yesterday by Mr Jürgen Möllemann, economics minister, *AP-DJ reports*.

The Economics Ministry said in a statement that the government would assume 40 per cent of the risk that used to be incurred solely by the banks issuing special low-interest investment loans. The measure applies only to credits of DM1m ($580,000) or less *obtained through the European* Recovery Programme.

OBITUARY: DIANA SMITH

Varied and energetic life

DIANA SMITH, former Financial Times correspondent in Portugal, died in Madrid last Friday at the age of 56.

Diana Smith achieved distinction as a journalist in her depiction of Portugal's often erratic transition to a stable European democracy. She was known affectionately as "Dona Diana" and it often appeared that there was nobody in Portuguese politics, industry, finance, the arts and society with whom *she* was not on close terms.

Paying tribute, Mr José Alberto Tavares Moreira, governor of the Portuguese central bank, said: "I knew Diana very well because we met many *times in Lisbon* over the *10* years before she left – a remarkable person, with an independence of judgment, penetrating intelligence and a great love for truth. She was a great professional and a very good friend."

Yet her years in that country were only one facet of a varied, energetic and truly cosmopolitan life, which she continued undeterred despite health problems.

With her *imposing physical* stature and difficult eyesight, she cut an eccentric figure, but her personality was vigorous and searching.

Having grown up in Jamaica, England, Portugal and the US, she had *full* command of at least six languages, as well as a convincing Jamaican patois. Her working experience ranged from Hollywood films to Amnesty International. Equally articulate in writing and on the radio, her work and everything else she did was imbued with colour, *fluency, lucidity and passion*.

She was the FT's correspondent in Lisbon and in Brazil for much of the 1970s and 1980s. Two years ago, impatient for new challenges, she moved to take on other freelance work from Madrid, including contributions to Financial Times newsletters.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

	UNITED STATES					JAPAN				
	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1984	7.0	7.9	10.22	12.43	n.a.	2.9	7.7	6.46	6.80	n.a.
1985	9.2	9.1	8.00	10.62	n.a.	4.6	8.2	6.62	6.34	n.a.
1986	12.3	8.3	6.49	7.66	3.43	7.4	8.7	5.12	4.94	0.84
1987	11.6	6.5	6.82	8.38	3.12	9.1	10.3	4.15	4.21	0.55
1988	4.3	5.4	7.65	8.84	3.61	7.8	11.0	4.42	4.27	0.54
1989	0.9	3.6	8.99	8.49	3.43	4.5	10.0	5.31	5.11	0.46
1990	3.7	5.2	8.06	8.55	3.60	3.2	11.5	7.62	7.27	0.65
3rd qtr.1990	4.6	5.2	7.94	8.74	3.62	3.3	12.3	7.85	7.96	0.69
4th qtr.1990	4.2	3.8	7.89	8.31	3.86	5.1	9.3	8.19	7.16	0.80
1st qtr.1991	4.4	3.1	6.69	8.01	3.48	1.5	6.0	7.96	6.54	0.75
2nd qtr.1991	5.2	3.3	6.03	8.12	3.18			7.70	6.71	0.71
August 1990	4.7	5.2	7.87	8.74	3.68	3.8	11.9	7.83	7.58	0.70
September	5.1	5.0	7.96	8.89	3.86	2.4	13.2	8.24	8.04	0.77
October	4.2	4.4	7.98	8.72	3.96	3.9	10.9	8.18	7.68	0.80
November	4.4	3.7	7.90	8.39	3.88	7.1	9.6	8.22	7.35	0.82
December	4.0	3.2	7.80	8.05	3.74	4.4	7.5	8.17	6.79	0.80
January 1991	3.9	3.0	7.11	8.07	3.79	1.8	6.0	8.07	6.59	0.80
February	4.4	3.1	6.50	7.84	3.37	0.5	5.2	7.89	6.39	0.74
March	4.8	3.2	6.40	8.10	3.25	2.0	6.9	7.91	6.63	0.70
April	4.3	3.1	6.06	8.03	3.17	−1.4	2.1	7.75	6.69	0.70
May	5.5	3.4	5.92	8.07	3.20	5.6	4.1	7.72	6.84	0.71
June	5.8	3.3	6.10	8.27	3.17			7.63	5.80	0.72
July			6.05		3.14			7.45		0.75

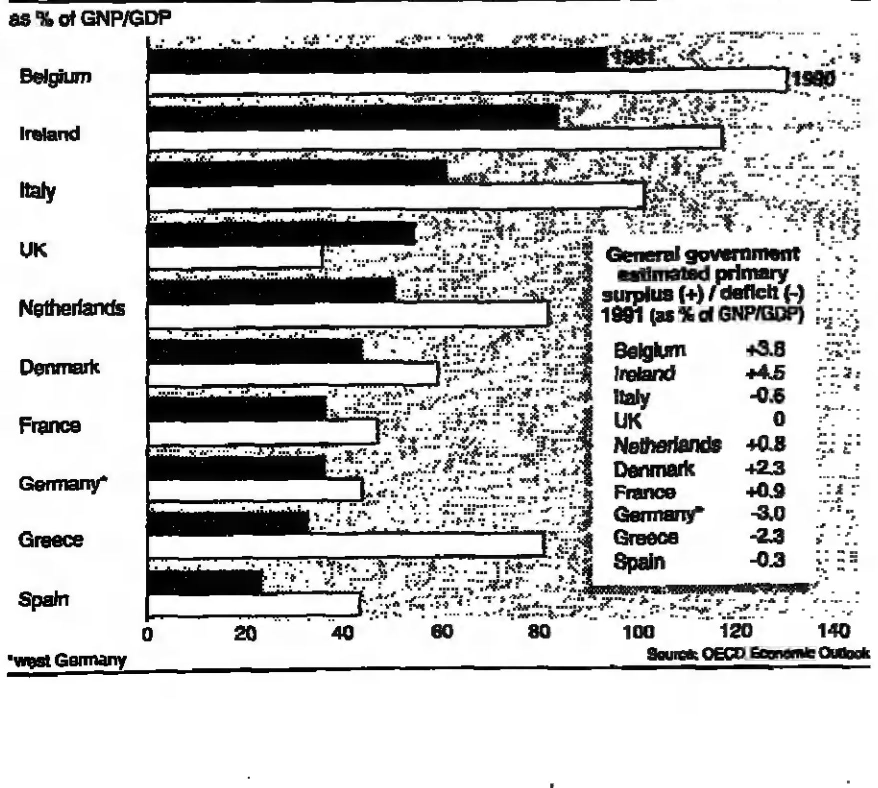
	GERMANY					FRANCE				
	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1984	3.3	3.8	5.99	7.96	n.a.	9.7	10.9	11.77	13.33	n.a.
1985	4.4	5.1	5.45	7.09	n.a.	6.2	7.4	10.03	11.74	n.a.
1986	9.9	8.3	4.63	6.19	1.79	6.9	6.7	7.79	8.74	2.65
1987	9.0	7.3	4.03	6.33	2.21	4.1	9.8	8.26	9.59	2.75
1988	9.8	6.4	4.33	6.58	2.61	3.6	8.4	7.94	9.02	3.69
1989	6.3	5.7	7.12	7.02	2.22	6.1	9.4	9.39	8.79	2.86
1990	4.5	4.5	8.49	8.63	2.11	3.9	9.0	10.32	9.87	3.19
3rd qtr.1990	4.7	4.2	8.39	8.68	2.14	3.8	7.7	10.19	9.94	3.36
4th qtr.1990	6.3	5.4	8.90	8.92	2.51	3.9	9.0	10.11	10.07	3.77
1st qtr.1991	6.3	5.5	9.17	8.43	2.51	3.1	8.4	9.85	9.30	3.64
2nd qtr.1991	5.0	5.6	9.11	8.28	2.25	0.7	6.1	9.43	8.95	3.48
August 1990	5.1	3.9	8.45	8.52	2.16	2.9	7.8	10.19	10.08	3.43
September	5.1	4.7	8.47	8.66	2.41	3.8	7.7	10.35	10.44	3.73
October	5.8	5.2	8.60	8.72	2.50	0.8	7.4	10.04	10.36	3.75
November	6.0	5.6	8.88	8.68	2.54	0.6	7.3	10.00	10.16	3.78
December	7.0	5.3	9.21	8.69	2.50	3.9	9.0	10.29	9.89	3.79
January 1991	6.6	5.2	9.35	8.74	2.67	0.5	7.7	10.28	9.75	3.93
February	5.6	5.4	9.08	8.25	2.45	2.5	8.1	9.79	9.11	3.82
March	6.6	5.7	9.09	8.28	2.38	3.1	8.4	9.43	9.04	3.38
April	4.5	5.5	9.18	8.20	2.30	3.6	8.0	9.34	8.88	3.46
May	5.3	5.7	9.08	8.30	2.25	2.1	7.2	9.24	8.86	3.44
June	5.1	5.4	9.06	8.35	2.18	0.7	6.1	9.72	9.11	3.53
July			9.15		2.29			9.59		3.69

	ITALY					UNITED KINGDOM				
	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1984	12.5	12.4	16.11	15.60	n.a.	5.5	12.9	10.03	11.33	n.a.
1985	13.7	14.0	14.34	13.71	n.a.	4.7	13.2	12.32	11.03	n.a.
1986	10.4	9.0	13.25	11.47	1.41	4.0	15.3	11.02	9.97	4.35
1987	10.6	11.0	11.32	10.58	1.94	4.7	14.6	9.77	9.52	3.60
1988	7.5	8.1	11.24	10.54	2.71	6.7	17.0	10.41	9.69	4.48
1989	8.1	10.1	12.41	11.61	2.46	5.9	17.8	13.96	10.30	4.38
1990	9.0	9.6	11.98	11.87	2.84	5.3	16.2	14.62	11.65	5.07
3rd qtr.1990	8.0	8.8	11.25	11.85	2.81	4.9	15.5	15.00	11.78	5.21
4th qtr.1990	8.5	10.0	11.80	11.74	3.55	3.3	13.6	13.69	10.95	5.56
1st qtr.1991	7.6	9.2	12.37	11.88	3.69	2.9	10.6	13.30	10.30	5.22
2nd qtr.1991			11.51	12.87	3.21	1.7	9.1	11.64	10.34	4.84
1990 August	7.3	8.4	11.55	11.79	2.86	4.8	15.5	15.02	11.96	5.26
September	9.0	9.6	10.76	11.80	3.14	4.5	14.7	14.97	11.91	5.81
October	9.2	10.0	10.98	11.58	3.36	3.9	14.2	14.07	11.56	5.81
November	8.7	10.2	11.93	11.69	3.67	3.2	14.3	13.70	11.25	5.61
December	7.9	9.9	12.59	11.96	3.85	2.7	12.3	13.87	10.77	5.44
1991 January	6.6	8.4	12.48	12.04	3.96	3.4	11.2	14.02	10.53	5.80
February	7.5	9.2	12.45	11.90	3.64	2.8	10.8	13.32	10.12	5.19
March	8.7	9.8	12.17	11.64	3.43	2.6	9.8	12.49	10.25	4.82
April	8.8	9.1	11.74	13.07	3.36	1.6	9.9	12.02	10.17	4.74
May	8.1	9.8	11.39	12.82	3.24	1.6	9.5	11.59	10.32	4.85
June			11.40	12.72	3.02	2.0	7.9	11.30	10.53	4.96
July			11.54		3.24			11.14		4.91

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. **Short-term interest rates:** period averages of; US – 90 day commercial paper, Japan – 3 month certificates of deposit, Germany – 3 month Fibor, France – 3 month Pibor, Italy – 3 month Euro-Lira, UK – 3 month Libor. Source: Datastream. **Long-term interest rates:** period average yields on long-term benchmark government bonds. Source: Atlas/TFN. **Equity market yield:** period averages of the gross dividend yield on the relevant FT-A world index.

Gross public debt

as % of GNP/GDP



*west Germany

Source: OECD Economic Outlook

Emu, public debt and the risk of government default

THE PRIOR convergence of inflation and *nominal interest rates among members* of the European exchange rate mechanism is an important pre-condition for a move to a single European currency. But if full-blown monetary union is to have the same stabilising properties as the ERM, many believe that, in practice, the fiscal positions of its members must also be constrained.

Evidence of the past decade suggests *such constraints may well be necessary.*

The dispersion across countries in their ratios of outstanding public debt to gross domestic product *remained* just as wide in 1990 as at the beginning of the decade. Heavily indebted countries such as Belgium, Ireland and Italy are more indebted now than in 1981, while Greece and the Netherlands are catching up fast.

In fact, the burden of outstanding pub*lic debt has risen over the past decade in* all but one of the 10 EC member countries for which data are available, as the chart shows. The exception is the UK, ironically the most recent ERM convert.

What matters for a country's individual economic health is whether the interest payments on its debt can be maintained *in the medium term without ever-higher* debt burdens and a growing risk that the government will be forced to default. For if the real interest rate exceeds the real growth rate of the economy, as was true throughout the 1980s, then the ratio of the existing stock of debt plus interest payments to GDP must rise, unless the primary budget, excluding borrowing for interest payments, is in surplus.

Ireland and Belgium will have both the largest debt/GDP ratios and the largest primary budget surpluses in 1991, according to OECD estimates. The interest burdens they face are high – 7 per cent of GDP for Ireland in 1990 and 9.7 per cent of GDP for Belgium – but both countries' debt/GDP ratios are on a downward trend.

Germany will run a primary deficit this *year to finance the costs of unification* which will further increase its debt/GDP ratio. But its outstanding debt remained below 50 per cent of GDP *in 1990*, while the interest payments on this debt were equivalent to just 2.1 per cent of GDP.

Both Italy and Greece have clearly unsustainable fiscal positions, with high *and rising debt/GDP ratios. This year the* Italian budget deficit will be near to 10 per cent of GDP, almost all of which will go on interest payments. *It needs a pri*mary budget surplus of at least 2 per cent of GDP to stabilise its debt. But the OECD estimates that the Italian primary budget will merely be balanced in 1991, while Greece is expected to have a deficit of 2.3 per cent of GDP.

The Italian government is firmly committed against financing its debt interest payments by printing money. But as the *burden of these interest payments rises*, this commitment inevitably looks less secure. As a result, it is forced to pay a higher price on its debt than other countries to cover the higher default risk. There is also a risk that bond-holders will take fright, pushing up interest rates *as they try to sell bonds.*

European economic and monetary union would change the nature, but not *the fact, of Italy's debt problem. Within* Emu, the Italian government would no longer have the option of inflation and devaluation as a way of dealing with its debt problem. Yet investors might still doubt the Italian government's commitment not to default.

If the European central bank is credi*bly committed to not bailing out the Ital*ian government through higher inflation, then the risk premium on Italian bonds would remain. *In fact the premium might* be higher than at present as the government could no longer maintain an above average inflation rate.

Yet with Italian debt accounting for almost a third of total outstanding EC public debt, there would be a risk the *European* central bank would have to bail out such a large borrower, whether or not it was notionally prevented from acting as a *lender of last resort. Thus the* interest rates on debt issued by all member countries would be higher.

For both these reasons, *the strains on* the Italian budget would be greater and the monetary system potentially unstable. To allow those countries with high and rising debt/GDP ratios to enter Emu would be asking for trouble.

Edward Balls

INTERNATIONAL NEWS

Australian ruling party divided over jobless rate

By Emilia Tagaza in Canberra

THE Australian government yesterday broke into factional warfare over the budget, focusing on unemployment forecasts.

There are fears that the governing Labor Party might enter the 1993 general election with unemployment very high. The jobless rate has already trimmed the government's standing in popularity polls. Pretenders to the party leadership are openly wrangling over strategies to reduce it.

The budget, presented last week, forecast an unemployment rate of 10.5 per cent in 1991-92, compared with an average of 8.4 per cent last year.

Mr John Kerin, federal treasurer, said at the weekend Australia faced unemployment levels of up to 10 per cent within the next two years.

At the core of the fight is the continuing struggle between Mr Bob Hawke, the prime minister, and Mr Paul Keating, the influential former treasurer. The latter's challenge for the leadership was defeated in a vote by a party caucus in June, but his taunts continue from the sidelines and from his supporters in cabinet and the labour movement.

Mr John Dawkins, employment minister and the leading Keating supporter in cabinet, yesterday accused the party's left of having leaked documents and deliberately misrepresented his position in cabinet debates on funding for employment programmes.

Documents leaked at the weekend suggested that Mr Dawkins opposed the inclusion in the budget of about A$600m (£280m) in employment funding.

Mr Dawkins claimed that the left faction, which underwrote Mr Hawke's victory in the June leadership vote, was trying to blame him for what Australians perceived as inadequate unemployment measures in the 1991-92 budget.

Another Keating supporter, the secretary of the big labour movement, the Australian Council of Trade Unions, also joined the fray by predicting that the party would lose the next election. Mr Bill Kelty said the budget should have included "a bit of good old-fashioned Keynesianism" to stimulate the economy.

Mr Hawke promptly called this "voodoo economics".

Sales of flats decline sharply in Japan

By Stefan Wagstyl in Tokyo

SALES of flats in Japan fell by 30.7 per cent in the first six months of 1991 to 12,898 units, *the lowest half-yearly total for* 10 years.

The Real Estate Companies Association figures yesterday underlined the depth of recession in the residential property market.

The market for flats attracted large amounts of investment in the late-1980s when land prices were soaring because flats are more easily traded than other kinds of property. As a result, the flats market has been hit severely by the squeeze on credit since 1989 by the Bank of Japan.

The decline in sales was mainly accounted for by developers holding flats off the market in the hope of avoiding *exacerbating the decline in* prices.

However, underpinned by robust domestic demand including personal consumption and corporate capital outlays, Japan's national economy continues to expand, the Bank of Japan said in its monthly report yesterday, AP-DJ adds.

The report said tightness in labour and goods markets eased in keeping with the slowing of growth. But an official briefing said the easing of the labour market's tightness in particular shows no sign of prominent improvement.

S African downturn deeper in first half

By Philip Gawith in Johannesburg

THERE was a considerable deepening in South Africa's economic downturn during the first half of 1991, accompanied by a marked decrease in the national standard of living, according to the annual economic report of the Reserve Bank.

The central bank said gross national income per capita had declined by 2.5 per cent in the *first half of 1991, following* declines of 3 per cent in 1989 and 4 per cent in 1990.

The deepening downturn is the result of an acceleration of the rate of decrease in fixed investment and a tapering of hitherto buoyant consumer demand.

The bank did say, however, that a healthier balance of payments and foreign reserves position, a lower foreign debt and a more stable internal financial situation meant that the underlying economic situation "is now more conducive to sustainable economic growth than in any period during the 1980s."

Continued vigorous exports, and low imports, allowed the country to average a R5.1bn (£1.06bn) quarterly surplus, or 2 per cent of GDP, on the current account from the beginning of 1990 to mid-1991.

These factors helped the country to repay debt. Outstanding foreign debt is now down to $19.4m. Despite these payments, net capital outflows from the country declined from R6.2bn in 1988 to R2.9bn in 1990.

Although the economy has been in a downward phase for nearly two-and-a-half years, the contraction in gross domestic product has been relatively mild – an annual rate of about 0.5 per cent, compared to rates of 2 and 3 per cent in *the two previous* downturns.

The bank expressed concern at the economy's inability to create jobs.

Labour absorption in the formal sector is down to 7 per cent, which means that, on average, only seven jobs in the formal sector are created for every 100 new entrants to the job market.

Khieu Samphan (left), leader of the Khmer Rouge movement in Cambodia, talks with his staff yesterday at the Thai resort of Pattaya before attending a conference on Cambodia's future.

At the opening session, he called for the government and the three-faction guerrilla alliance to cut their armies to 6,000 men each as part of a peace settlement. Then they should aim for total demobilisation two months before elections.

Cambodian Premier Hun Sen said he could not accept the proposal and offered to reduce his forces by 40 per cent. He had previously rejected any demobilisation. It was agreed, however, to ask the UN to send a peace-keeping force to Cambodia "as soon as possible" to reinforce a ceasefire.

IMF review of Philippines delayed

By Greg Hutchinson in Manila

THE International Monetary Fund's first formal review of the Philippine economic stabilisation programme has been put back two months to October because of the financial woes of the National Power *Corporation, the state electric*ity authority.

As a result, a $37m (£22m) third tranche of the fund's 18-month stand-by arrangement for Manila will be delayed. Foreign *loans, most of which are* tied to IMF approval of government policy, will also be held up, Mr Tomas Apacible, acting finance secretary, said yesterday.

*Meanwhile, Mr Jesus Estan*islao, finance secretary, now abroad, has reported to President Corazón Aquino that the country has commitments of financial support from the *World Bank, the IMF* and the US for a second programme of debt buy-back and debt service reduction.

Some $1bn is needed for the programme, expected to be implemented before Mrs Aquino steps down next *May*.

In January 1990, the Philippines retired $1.3bn of its $8bn medium- and long-term public sector debt. The debts were repurchased from foreign cred*itor banks at a 50 per cent dis*count.

This was one of the first fruits of the plan, adopted in the late-1980s by Mr Nicholas Brady, US treasury secretary, *to ease the Third World debt* burden.

The delay in the IMF review, according to Mr Apacible, gives the Philippines a two-month span in which to set its fiscal *house in order and address the* problems of the NPC, which has already consumed an unscheduled 7.2bn pesos (£158.3m) of this year's government budget.

A memorandum dated last Friday, sent by Mr Estanislao from Washington to Mrs Aquino, said a joint mission from the IMF and the World Bank would be in Manila from September 23 to work with the NPC on a "time-bound programme" aimed at making the entity financially viable.

Mr Apacible said the IMF would conduct during this time its first formal review of the *stabilisation programme – the* first time an IMF review would be done in tandem with the World Bank.

Mr Gautam Kaji, a World Bank director, wrote to Mr *Estanislao and top NPC offi*cials on August 2 to warn the government that the NPC was already in default and that, unless measures were taken to enable it to honour its loan covenants with the World Bank, further World Bank loan disbursements to the NPC would be held back.

● The Philippines and the US will sign a treaty today *to govern the continued US* military presence here, President Corazón Aquino has announced.

The treaty provides for US use of the Subic Bay naval base for 10 years, after a current *lease on that and other* military facilities has expired three weeks from now.

The remaining facilities not yet handed over will revert to Philippine conrol. Clark air *base – the most important US* facility apart from Subic, but much damaged by the recent eruption of the volcano Mount Pinatubo – will be returned after one year.

The Philippines will receive $360m (£214m) compensation in 1992, and $203m a year for the remaining nine years.

According to the Philippine constitution, the treaty must be *ratified by two-thirds of* the country's senate for the US military presence to remain beyond September 16.

Most senators say they oppose the new agreement and *have threatened to reject it.* But some are expected to change their mind as the treaty is debated and lobbying for ratification begins in earnest.

Mongolian unrest as Chinese head visits

By Yvonne Preston in Beijing and agencies

DEMONSTRATIONS by anti-communists in the Mongolian capital, Ulan Bator, coincided with the start there yesterday of a four-day official visit by President Yang Shangkun of China.

The 84-year-old president is the first Chinese head of state to visit Mongolia in 40 years.

About 3,000 Mongols took to the capital's streets, demanding the overthrow of the ruling Communist Party and showing concern that hardliners against the current economic and political reform in Mongolia could stage a coup.

In Mongolia's first free elections, held last year, the party was returned to power, but was forced to share it with new democratic parties. The largest of them, the Mongolian Democratic Union, was set up in December 1989.

Events in Mongolia, a land-locked buffer state between the USSR and China, will compound Beijing's dismay at the collapse of the coup in the *Soviet Union and the erosion* of Communist Party power there. The media here continue to report only the bare facts of the Soviet situation.

For 70 years, Mongolia had a *hardline communist* regime in the Soviet sphere of influence. The Mongolian economy, no longer receiving Soviet aid, is in dire straits and looking to China for economic assistance.

*The make-up of Yang's dele*gation suggests that trade will be a big element in bilateral talks. Finance minister Wang Bingqian, foreign trade minister Li Lanqing, and deputy rail*ways minister Sun Yongfu* are among those with Yang.

Mongolia has said it hopes for Chinese approval to ship its goods across China, probably by train, to the port of Tianjin *for export to Japan, South* Korea and the *West*.

Mongolia also is eager to expand trade relations with China in its efforts to become self-sufficient after near-total *dependence on the Soviet* Union. However, an agreement to conduct bilateral trade in hard currency, rather than by barter, is likely to slow the development of trade relations.

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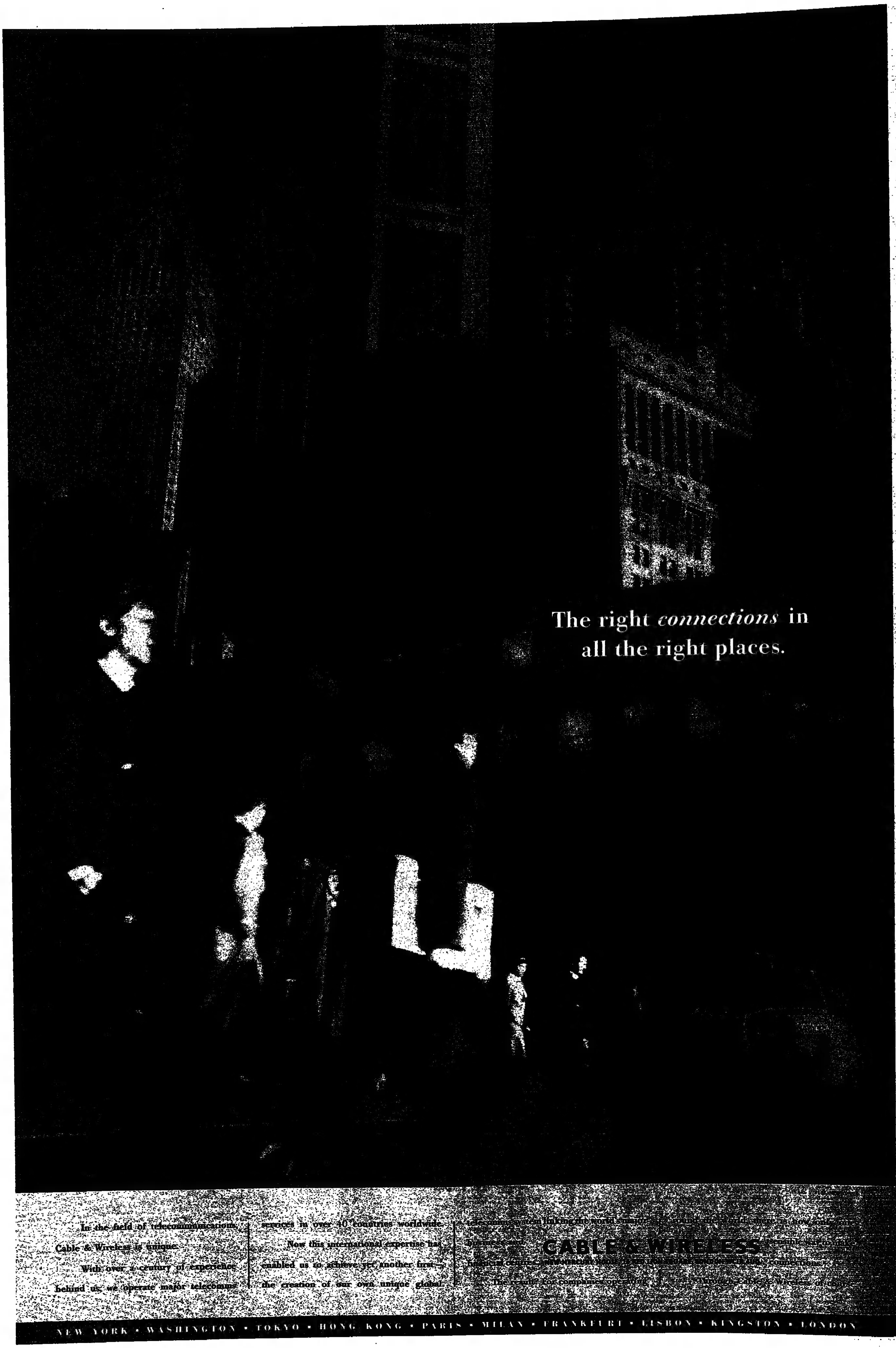
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UK NEWS

ECONOMY

Retailers plan new survey of sales

By Peter Marsh

THE Retail Consortium, the main trade body for UK shops and stores, plans a new, weekly survey of sales across the industry in an effort to monitor the path of the expected economic upturn.

Although the initiative is going ahead without the involvement of the government's Central Statistical Office, the main UK agency for economic statistics, the CSO welcomed the measure as helping in the general move to gain more timely data about economic trends.

The consortium's survey, due to start within the next few months, is to cover a broader cross-section of Britain's 240,000 retailers than in the CSO's existing monthly inquiry into retail sales trends. This gathers information from a sample of 3,500 shops, including most of the large retailers.

The consortium said it was starting the exercise because it was dissatisfied with some aspects of the CSO's survey, one of which was that the data were available only once a month.

The new survey is aimed at providing a highly segmented breakdown of sales volumes of a large number of different types of goods, in contrast to the CSO's inquiry which separates retailing broadly into food and non-food.

Another problem, according to the consortium, is that the CSO asks its sample of shops to provide it with data in the form of sales values, and then using statistical techniques converts these numbers into volumes of goods sold.

The consortium plans to collect its data directly from shops in terms of the volumes of goods which they sell. This it believes would be more straightforward, and provide better-quality information.

The initiative by the consortium, which says it represents 90 per cent of Britain's £150bn-a-year retailing industry, will be eagerly awaited by the City, which is keen on more information about the strength of consumer demand – a key component of the expected upturn.

Earlier this year, Mr Norman Lamont, the chancellor of the exchequer, ordered the CSO to examine new ways of gaining up-to-date information about retailing trends as a way of spotting when the recovery was likely. So far this initiative has failed to produce anything concrete.

A CSO official said the data from the consortium's new survey would complement the agency's own information. But he warned that due to the time that it normally took to establish a statistical base for any new set of economic data, it might take a long period before the consortium's survey could be thought of as a reliable tool in plotting the path of the economy.

Feature, Page 11; Economics notebook, section II

THE BCCI SHUTDOWN

Major is urged to mend relations with Abu Dhabi

By Alison Smith

MR John Major, the prime minister, was urged yesterday to send a minister to visit Abu Dhabi to mend relations between the two governments after the Bank of England's closure of the Bank of Credit and Commerce International (BCCI), in which Sheikh Zayed, the Abu Dhabi ruler, is the main shareholder.

The anger felt by the Abu Dhabi government towards the Bank and, in particular, Mr Robin Leigh-Pemberton, its governor, could mean British companies losing Abu Dhabi contracts to American competitors. The Abu Dhabi government might also try to persuade other Arab states, such as Kuwait, to follow suit.

The call for a ministerial visit came from Mr Keith Vaz, the Labour party MP who has headed the parliamentary campaign to help BCCI depositors. He has just returned to Britain after leading a delegation from the BCCI staff committee in a week-long visit to Abu Dhabi and Hong Kong.

He also urged Lord Justice Bingham, who is carrying out the inquiry into BCCI's collapse, to visit Abu Dhabi to hear at first-hand the government's version of events immediately before BCCI was closed.

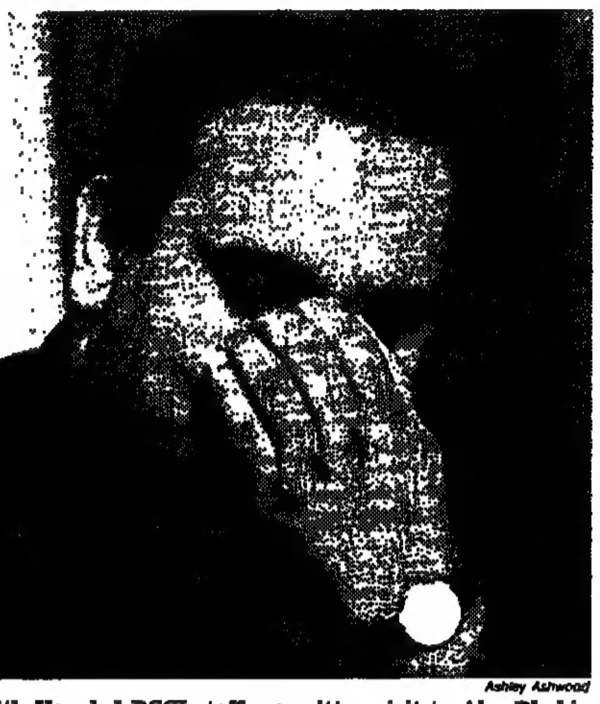
Mr Vaz said Abu Dhabi officials expressed very strongly the view that a friendly Gulf state should not have been treated in the way it was by the Bank of England, which had not kept it fully informed. There was also bitterness towards Price Waterhouse, BCCI's auditors.

"They are very, very hurt but we can repair the damage if a ministerial visit takes place," he said. The fact that no Foreign Office official and no minister has visited is important. It has political repercussions and foreign policy implications."

Mr Vaz said he believed a ministerial visit would help to secure a deal to help BCCI investors, and that $4bn-$5bn had been set aside for reconstruction: "I came away with the impression that money would not be a problem".

Mr Vaz said he was "cautiously optimistic" about the prospects for a rescue plan for BCCI, and was confident that restructuring work taking place in Abu Dhabi was serious and constructive.

So far as BCCI in Hong Kong was concerned, all the parties involved in a possible sale were working to a strict timetable, and three potential buyers had put forward detailed plans. The five-strong delegation is now seeking meetings with Mr Major and opposition party leaders, as well as Mr Leigh-Pemberton.



Ashley Ashwood

Keith Vaz: led BCCI staff committee visit to Abu Dhabi

British Gas 'should sell pipeline system'

By Deborah Hargreaves

BRITISH GAS should be forced to sell its pipeline system, the Office of Fair Trading is believed to have told the government.

The call comes in a confidential OFT report on competition in the gas industry. The report is also believed to urge the free import and export of gas to and from the UK as a way of increasing gas supply to competing companies.

Sir Gordon Borrie, director general of the OFT, is thought to have urged the sale of the gas transmission service as another way of encouraging more competition in the gas market.

Competitors to British Gas have complained that the tariff system it operates on its pipeline system is unwieldy and expensive. If British Gas's monopoly of gas transport was broken, competitors claim, alternative systems would be built and transit tariffs would come down.

In this way, an independent pipeline company could help lead to the development of a spot market for gas in the UK similar to that of the US, though this would take years to develop even if the pipeline system were sold.

Imports of gas have been blocked by the energy department for fear that they would slow exploitation of UK fields. The department is still considering a request by National Power, the UK generator, to import substantial amounts of gas from Norway over the next 15 years.

British Gas is the only company that currently imports gas from Norway under the so-called Frigg treaty, but is looking to increase its overseas purchases in coming years. It is therefore likely to welcome proposals to open up the UK market, but the company is bitterly opposed to any break-up of its businesses.

A copy of the OFT report has been sent to Mr Peter Lilley, trade and industry secretary, who is expected to comment on it when Parliament resumes in September.

BRITISH ASSOCIATION

Industry 'failing to invest in research, development'

By Clive Cookson, Science Editor

Sir Denis: weakness in industrial performance

BRITAIN'S failure in industrial innovation is due less to inadequate government funding of science than to industry's lack of interest in research and development, Sir Denis Rooke said in his presidential address to the British Association annual meeting in Plymouth last night.

Sir Denis, former chairman of British Gas, said Britain's industrial performance had been consistently worse than its international competitors over the last 40 years. Long-term economic growth in the UK was about the same as in the Soviet Union.

"If we do not pull up our socks there is the danger that we shall quickly become a third world power," he said.

"In my judgment the decline does not stem from any lack of performance in the upper reaches of academe or fundamental research," he said.

"It is in the determined and innovative application of science and technology that we in Britain are lagging today as a nation."

Sir Denis urged UK companies to carry out more R&D, either in-house or at university and other research laboratories. "This is an area where the UK is currently very weak; not only do the USA and Japan have a much greater scale of R&D financed by industry but so too do countries like Holland, Belgium and Sweden as well as Germany and Switzerland."

Lower interest rates and tax incentives would help stimulate industrial R&D, he said.

"But equally important would be a more enlightened attitude on the part of City managers who should positively encourage re-investment in the longer term development of the business over securing larger immediate dividends."

The root cause of the problem "is the cultural bias against industry which has long pervaded Britain," Sir Denis said.

"It is not only outdated - it represents a positive danger to the quality of our future life."

One manifestation of this "cultural deficiency" is "a lack of resolution to succeed in the commercialisation of technology," he said.

Another is the reluctance of UK banks to consider long-term loans at reasonable rates to finance industrial innovation.

"This combination of expensive and short-termist money is a major problem for the health of innovative industry," Sir Denis said.

Drug policies founded on 'media myths'

PUBLIC policies on drug abuse are founded on a series of myths peddled by the media and widely believed by society, a leading specialist on addiction told the British Association writes Clive Cookson.

Prof Griffith Edwards, head of the National Addiction Centre at the Institute of Psychiatry, in London, said the myths were based on a series of false assumptions. People imagined wrongly that addiction was an imminent threat to society and was alien to healthy human experience. They thought of the addict as "inherently weak or psychopathic or otherwise fatally flawed in character" – someone not only corrupted but also corrupting of others.

Stigmatising illicit drug addicts was particularly unfair, Prof Edwards said, when millions were hooked on legal drugs: tobacco, alcohol and tranquillisers. Cigarettes killed 100,000 to 150,000 people a year in the UK and more than 1m damaged their health through excess alcohol consumption.

Prof Edwards, who gave the keynote speech at the BA's Ciba Foundation debate, was supported in his demand for better balance between the treatment for illicit and legal drugs. Prof Alan Maynard, of York University's Centre for Health Economics, estimated that the government spent £10m a year fighting alcohol abuse and more than £100m fighting illicit drugs.

BRITAIN IN BRIEF

Managers are 'lacking in expertise'

British businesses do not have the quality of management they need to succeed, according to a survey of bankers, accountants and lawyers. Fifty-four percent of the "intermediaries" polled said managers lacked the necessary expertise, while only 39 per cent felt they had the right qualities.

The professionals polled singled out financial skills as the most glaring deficiency of British management and highlighted the lack of management training. The survey was commissioned by CINVen, a large venture capital company.

Many managers lacked personal experience of previous recessions to help them weather the current economic downturn, the intermediaries said. Financial controls in UK industry were poor and senior managers appeared unable to to take a long-term or strategic view of business.

Complaints on holidays fall

The number of holiday complaints this year has dropped by more than a quarter according to figures released yesterday by the Association of British Travel Agents (Abta).

Abta says that in the first seven months of the year, which covers the bulk of the holiday season, only 6,616 people had lodged a complaint with it compared with 9,017 in the same period last year.

Even though the number of package holidays sold this year is estimated by Abta to be 10 per cent down this year, the figures are encouraging for the travel industry.

Mr John Dunscombe, Abta's president, said that the fall in complaints reflected the new Abta codes of conduct for its members and tougher action against travel agents and tour operators which break these codes.

Last year Abta fined some 102 members for breaching its codes, with a top fine levied of £105,000.

John Dunscombe

Banks 'change marketing'

Building societies and banks have changed their approach to marketing and instead of being product driven, they are now increasingly-consumer led, says a report published this week by Mintel, the consumer research group.

However the report shows that consumer attitudes towards personal financial services are changing more slowly. Less than ten per cent of 1,695 adults surveyed by Mintel say they would be willing to pay a financial adviser a fee of £100.

People in the south-east of England are most willing to pay financial advisers, with 11 per cent saying they would do so, but only three to four of those in the north west and Scotland are prepared to pay for financial advice.

Though the banks' 44 per cent share of the personal savings market is now only marginally behind the 45 per cent share of savings still held by building societies, nearly three quarters of consumers feel that banks offer a poorer interest rate on savings. The report says that nearly four out of every five consumers feel that they would not like to keep their savings with a Japanese-owned bank or building society.

Policies for women slip

Policies for recruiting and retaining female employees have slipped down the list of organisations' priorities because of the recession, according to the findings of a survey of personnel officers published today. Just 19 per cent of personnel managers and directors believe policies geared to women, such as flexible working and help with childcare, will be more of a priority in the coming year. This compares with 36 per cent who considered it a priority in November 1990.

Staff are playing safe in the tight labour market by staying in their jobs, according to the 235 personnel managers and directors surveyed by Mass Observation.

TUC accuses Howard

Mr Michael Howard, employment secretary, is accused in a Trades Union Congress report published today of deliberately over-estimating the number of jobs that would be lost following the introduction of a minimum wage by a future Labour government.

According to the report produced for the TUC's annual conference which begins at the weekend, estimates of a possible 2m job loss "have been fabricated with the deliberate intention of scaring the electorate and taking the public's attention away from the government's own dismal jobs record".

Labour is pledged to introduce a minimum wage equivalent to half male median earnings, with an eventual move to third thirds of male earnings. The initial level, based on current figures, would mean a minimum hourly rate of £3.40.

Call for prison wage reform

Prison inmates should be allowed to earn realistic wages with outside employers, according to the ex-offenders organisation Apex Trust. The recommendation follows joint consultations between the trust and the prison service on the issue of work in prisons.

There are currently sufficient places in prison industries and farm workshops for only about one-fifth of the 45,000 prison population. Wages are under £3 for an average 23-hour week.

Strike ends

Miners at British Coal's Frickley pit are to return to work today after a three week strike over the dismissal of a colleague found sleeping underground.

The opposition Labour party will use a party "economic summit" this week to try to regain the political initiative by developing its attack on the competence of a government it says lacks not only long-term but short-term policies for ending the recession writes Alison Smith. At an meeting in Edinburgh on Friday, Mr Neil Kinnock, the Labour leader, (pictured above) will discuss with senior advisers how to refocus the party's economic message. Labour denies that the move comes in response to the positive coverage of Mr John Major, the prime minister, during the events in the Soviet Union, saying it had been planned.

BAA to seek fifth Heathrow terminal consent

By Paul Abrahams

BAA, formerly the British Airports Authority, will seek formal planning permission for a fifth terminal at Heathrow next summer.

The terminal, with an eventual capacity of 30m passengers a year, will be the largest ever built in Europe and will cost more than £1bn. The company intends to spend a further £350m on associated infrastructure and access routes to the terminal, as well as refurbishing the ageing terminal two.

However, BAA says its plans for the terminal will be unrealisable if the Civil Aviation Authority, which regulates the company, insists on imposing its proposals for limiting charge increases at the three London airports to eight percentage points below inflation.

BAA says it will not go ahead with the terminal without begin given guarantees on its future revenue streams.

When the CAA recommended the new charge levels last month, it said it would ensure the BAA was not deterred from going ahead with terminal five.

If an assurance on revenue is given, BAA's board proposes to give the go-ahead for the project in December. There will then be a six-month pre-consultation period with the local authorities about the environmental impact of the terminal. Plans will then be revised before being submitted for planning permission. A lengthy public enquiry is likely to take place.

The design of the terminal has already been scaled down by BAA. Sir John Egan, BAA's chief executive, has insisted that the building is constructed in two stages because of the project's cost. The first tranche will comprise of a terminal handling 20m passengers a year, while the second tranche will have a capacity for a further 10m. Originally, BAA planned to construct a building with a capacity of 30m passengers at one go. The terminal would have cost £1.5bn.

Meanwhile, BAA has reached agreement with Thames Water for the acquisition of the Perry Oaks water treatment plant which will be the site of the terminal. Thames Water has earmarked a site at Iver in Buckinghamshire for a new plant to replace Perry Oaks.

APPOINTMENTS

Senior post at Merrett Holdings

■ Mr Alan J. Cleary *(pictured)* has been appointed chief executive of the insurance services division of MERRETT HOLDINGS.

After a career with General Accident and Royal Exchange Assurance, he joined Thomas Howell, Selfe, loss adjusters, in 1963, and retired in March 1990 as deputy chairman and group managing director. He is chairman of the Institute of Risk Management. The Merrett Group says he will have no involvement in the group's loss adjusting activities until October 10, 1993.

Geophysicist joins Brabant

■ BRABANT RESOURCES, a Tonbridge-based independent oil and gas exploration and production company, has appointed **Mr J. Harry Peacock** as chief geophysicist. He has held senior posts with Britoil, and Geco Geophysical Company, and will be responsible for the geophysical operations of Brabant Petroleum and Brabant Oilex.

■ LOMBARD ODIER has appointed **Mr Robert McHenry** as *senior investment manager* in London. He joins from Wardley Investment Management Services.

■ McDONNELL DOUGLAS INFORMATION SYSTEMS, Hemel Hempstead, has appointed **Mr Les Cumming** as marketing manager for its products aimed at the distribution industry. He joins from Unisys where he held senior marketing posts.

THE WEEK AHEAD

ECONOMICS

Coup's collapse continues to dominate financial scene

THE collapse of the Soviet coup dominated the international financial scene last week and its repercussions will continue to be felt this week.

Financial markets recovered all or most of last Monday's losses. The lifting of uncertainty, combined with signs of economic recovery, helped the FT-SE 100 index to a new closing high last Friday.

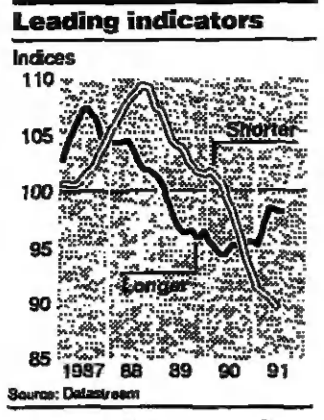
Economists have begun to assess the scale of the assistance the Soviet economy will need as a shield against repetition of last week's events.

According to Yamaichi, a Japanese securities house, Soviet economic growth is expected to drop by between 12 and 20 per cent cent this year, with *inflation likely* to exceed 100 per cent. The investment requirements, meanwhile, are immense. It would cost at least $135bn a year to bring all eastern Europe's capital stock up to date.

Apart from Germany, the consumer confidence figures in the US will be watched for further signs of a recovery after July's retail sales figures. Since peaking at the end of the *Gulf War at 81.0 in March*, consumer confidence has receded to 77.7 per cent in July.

Against this background, the *Federal Reserve is expected to* sanction a further easing in interest rates after the next set of US employment figures.

Leading indicators



Source: Datastream

Other market events and statistics, with forecasts from *MMS international*, the financial research company, in brackets, include:

Today: Germany. Mr Helmut Schlesinger inaugurated as Bundesbank president. US, consumer confidence in August, second quarter balance of payments, merchandise trade. France, trade balance for July, (down FFr2.8bn). Japan, June leading diffusion index. Australia, July manufacturing production, second quarter foreign debt, company profits.

Wednesday: US, second quarter GNP preliminary, GNP *deflator, second quarter* after-tax profits. Canada, July industrial product price index.

Thursday: US, July personal income, personal consumption, July new home sales, money supply, initial claims. UK, new motor vehicle registrations. France, second quarter preliminary GNP (0.6 per cent), July final consumer prices index (0.4 per cent). Japan, August preliminary industrial production (3.6 per cent). Australia, June manufacturing output price index, second quarter manufacturing stocks. Canada, June building permits.

Friday: US, July leading indicators, factory orders, shipments, August agricultural prices, July bank credit, commercial and industrial loans. Germany, second quarter GNP (down 0.5 per cent). Japan, Tokyo consumer prices index (3.7 per cent), national (3.8 per cent), July unemployment, construction orders, housing starts (down 21.2 per cent), construction starts, retail sales (annual 4.5 per cent), July trade balance and current account. Australia, July current account, building approvals (5 per cent). Canada, June real GDP, second quarter current account.

During the week: Germany, money supply, cost of living (0.3 per cent). Spain, trade balance (down $2.5bn). Italy, July trade balance (lira 1.5 trillion), *France, July unemployment* (9.5 per cent).

Rachel Johnson

DIVIDEND & INTEREST PAYMENTS

■ **YESTERDAY**
CMB Packaging FFr3.6
Treasury 10% 2001 5pc.
Treasury 10% 2001 B (Fully Pd) £1.2329
Treasury 10% 2001 B (Ptly Pd) £1.2329

■ **TODAY**
Argyll Grp. 5.85p
Berkeley Grp. 3p
British Gas Int. Fin. 12¼% Gtd. Nts. 1994 6⅛pc.
Brown & Jackson 1.3p
Donelon Tyson 1p
Treasury 9¾% 2002 4⅞pc.

■ **TOMORROW**
Abtrust New Dawn Inv. Tst. 0.5p
Bank of Nova Scotia Fltg. Rate Sub. Cap. Debs. 2085 $348.80
Bridgestone Corp. 7¼% Bds 1999 3⅝pc.
Carlton Comms. 6.1p
Cigna Overseas Fin. 13% Un. Ln. 2008 6½pc.
City of Oxford Inv. Tst. 1.2p
Denmans Electrical 1.65p
Electricite de France 12½% Gtd. Ln. 2008 (Reg) 6¼pc.
Halifax Bldg. Society Fltg. Rate Ln. Nts. 1996 £146.51
Mitsubishi Bk. Fltg. Rate Sub. Ln. Ptpn. Cert. 2000 $1613.19
Nat West Bk. Und. Var. Rate Nts. $183.04
Nationwide Anglia Bldg. Society Fltg. Rate Nts. 1993 £290.65
Racal Elect. 2.6565p
Security Services 4½% Cm. Pf. 1.575p
Shaw (Arthur) 2.8p
Sterling Tst. 2p
Swan (John) 13.2p
Wellman 1.4p

■ **THURSDAY AUGUST 29**
BET 9p
Bk. of Montreal 53cts.
Gestetner 1.8p
Do. Cap 0.075p
Greene King 7.5p
Merchants Tst. 2.5p

■ **FRIDAY AUGUST 30**
Allied Colloids 2.7p
Bradford & Bingley Bldg. Society Fltg. Rate Nts. 1994 £295.15
Bulgin (A.F.) 0.1p
Do. A N/Vtg. 0.1p
CST Emerging Asia Tst. 0.35p
Campbell & Armstrong 1p
Cassidy Brothers 1.5p
Cater Allen Gilt Inc. Fd. Ptg. Rd. Pf. 30p
Cater Allen Gilt & Futures Fd. Ptg. Rd. Pf. £40
Chase M'hattan Fltg. Rate Sub. Nts. 1997 $159.57
Chillington Corp. 0.75p
Collateralised Mortgage Secs. 11¾% Sec. Bds. 1996 £298.20
Do. Class A2 Mtg. Bckd. Fltg. Rate Nts. 2033 £296.32
Do. Class A3 £298.20
Do. Class A2 Mtg. Bckd. Fltg. Rate Nts. 2028 £296.32
Do. Class A3 £298.81
Do. Class A1 Mtg. Bckd. Fltg. Rate Nts. 2028 £291.19
Contra-Cyclical Inv Tst 2.25p
Danae Inv. Tst. 4.575p
Dawson Int. 6.1p
Debenham Tewson & Chinnocks 3.6p
Drayton Far Eastern Tst. 0.125p
First Chicago Overseas Fin. Gtd. Fltg. Rate Sub. Nts. 1994 $157.99
Foster (John) 9% Un. Ln. 1988/92 4½pc.
French (Thomas) 1.45p
Fujitsu 4⅞% Bds. 1994 With Wrrnts. 2$\frac{7}{16}$pc.
Geared Inc. Inv. Tst. 1.5p
Glasgow Inc. Tst. 0.6p
Great Western Fin. 22cts.
Halifax Bldg. Society Fltg. Rate Ln. Nts. 1996 (Ser.A) £46.3
Hill Samuel Fin. Fltg. Rate Nts. 1996 $359.01
India Fd. 4p
Investors in Industry Int. Gtd. Fltg. Rate Nts. 1994 £288.27
Jersey Electricity A 10p
Jupiter European Inv. Tst. 0.1p
Lloyds Bk. Prim. Cap. Und. Fltg. Rate Nts. (Ser.3) $352.66
Do. (Ser.2) $157.99
Lon. & Assoc. Inv. Tst. 0.45p
Lovell (Y.J.) 2.2p
Manufacturers Hanover Tst. Fltg. Rate Sub. Cap. Nts. 1994 £144.14
Mexico Fd. 26.27cts.
Micrelec 2.8p
Murray Int. Tst. 2.5p
Nat West Bk. Prim. Cap. Fltg. Rate Nts. (Ser.C) $156.41
Nationwide Anglia Bldg. Society Fltg. Rate Nts. 1995 (2nd Ser.) £46.30
Neotronics Tech. 0.8p
Neste Oy Fltg. Rate Nts. 1994 $355.83
Oceana Cons. 0.75p
Olim Conv. Tst. 4p
Parkland Textile 4.2% Cm. Pf. 2.1p
Presidio Oil Class A 2.5cts.
Safeland 0.3p
Scantronic Hldgs. 2.185p
Scott Pickford 0.5p
Security Archives 5p
Sphere Inv. Tst. 0.9375p
State Dev. Institute 10½% Gtd. Bds. 2000 (Reg) 5¼pc.
Do. (Br) 5¼pc.
TMC P.I.M.B.S. Fifth Fin. £250m Iss. 6/8/2028 £266.35
Do. £250m Nts. Aug. 2030 £286.47
TSB Var. Rate Sub. Nts. 2003 £297.62
Throgmorton Tst. 0.9p
USLIFE Corp. 41cts.
Wells Fargo Fltg. Rate Sub. Nts. 1992 £10000.0

■ **SATURDAY AUGUST 31**
3i 8⅞% Un. Ln. 1992/97 4$\frac{7}{16}$pc.
Burmah Castrol 8½% Un. Ln. 1991/96 4¼pc.
Derby Tst. 8.3429p
Ecclesiastical Insurance 13% Db. 2018 6½pc.
Excalibur Grp. 11.5% Cm. Pf. 5.75p
Gibbon Lyons Grp. 7% Cm. Cv. Rd. Pf. 3.5p
Graham Wood 2.5p
Johnson & Firth Brown 11% Un. Ln. 1993/98 4.58pc.
Lon. & St. Lawrence Inv. 5% Cm. Pf. 1.75p
Lon. & Strathclyde Tst. 5% Cm. Pf. 1.75p
M & G Gold & General Fd. 0.326p
Nat West Bk. 7% Cm. Pf. 2.45p
Next 7% 1st. Mtg. Db. 1986/91 3½pc.
Do. 7¾% 1st. Mtg. Db. 1987/92 3⅞pc.
Prowting 14.5% Cm. Pf. 7.25p
RPH 8% Db. 1992/96 4pc.
Do. 4½% Un. Ln. 2004/09 2¼pc.
Do. 9% Un. Ln. 1999/2004 4½pc.
Do. 7⅝% Un. Ln. 1987/92 3$\frac{13}{16}$pc.
Second Market Inv. 2½% Cv. Un. Ln. 1994 1¼pc.
TR City of London Tst. 1.14p
Do. Pf. 7p
Do. 6% Cm. 1st Pf. 2.1p
Do. 6% Non-Cm. 2nd Pf. 2.1p
TR Far East Inc. Tst. 7% Db. 1997/2002 3½pc.
Temple Bar Inv. Tst. 6% Cv. Un. Ln. 2002 3pc.

■ **SUNDAY SEPTEMBER 1**
Aberdeen (City of) 10.8% Rd. 2011 5.4pc.
American General Corp. 50cts.
Buffalo & Lake Huron Railway 5½% 2nd Mtg. Perp. Bds. 2¾pc.
Do. 5½% 1st Mtg. Perp. Bds. 2¾pc.
Capital Var. Rate 1994 2.63pc.
Clarke Nickolls & Coombs 8½% Un. Ln. 1987/92 4¼pc.
Corp. of London 3½% Db. 1983/93 1¾pc.
East Surrey Water 7% Rd. Db. 1989/91 3½pc.
Do. 7¼% Rd. Db. 1991/93 3⅝pc.
Do. 7% Rd. Db. 1990/92 3½pc.
Do. 10% Rd. Db. 1997/99 5pc.
East Worcestershire Waterworks 7% Max 3.5p
Do. 3.5% Max 1.75p
Do. 3.85% Pf. 1.925p
Do. 2.8% Pf. 1.4p
Fleming Claverhouse Inv. Tst. 2.5p
Fleming Mercantile Inv. Tst. 3½% Rd. Db. 1960/95 1¾pc.
Ireland (Rep.of) 9¾% 1991/96 4⅞pc.
Jessups 7.3p Cv. Cm. Rd. Pf. 3.65p
London County 3% Cons. 1920 1½pc.
Do. 2½% Cons 1920 1¼pc.
Low & Bonar 6% 1st Cm. Pf. 2.1p
Do. 6% 2nd Cm. Pf. 2.1p
Do. 5½% 3rd. Cm. Pf. 1.925p
Metrpolitan Water 3% B 1934/2003 1½pc.
Oldham Met. Bor. Council 11.25% Rd. 2010 5⅝pc.
P & O 3½% Db. 1¾pc.
Do. 3½% 2nd Db. 1¾pc.
River Plate & Gen. Inv. Tst. 5% Cm. Pf. 1.75p
Schneiders (S.) 6% Cm. Rd. Pf. 2.1p
Slough Estates 8.25p Cv. Cm. Rd. Pf. 1.96844p
Tarmac 6¾% Db. 1989/94 3⅜pc.
Do. 7½% Db. 1992/97 3¾pc.
Do. 6¾% Db. 1989/94 3⅜pc.
Treasury 14½% Ln. 1994 7¼pc.
Treasury 8¾% Ln. 1997 4⅜pc.
Utd. Mexican States 16½% Ln. 2008 8¼pc.
Witan Inv. 8% Db. 1995/99 4 pc.

RESULTS DUE

GUARDIAN Royal Exchange, the composite (general and life) insurer, is expected to be in the red alongside Royal, Sun Alliance, Commercial Union and Eagle Star when it reports its half-year results on Thursday.

Losses are expected to be in the £90m to £95m range, with subsidence, recession-related crime and arson claims, as well as rates competition, contributing to the tale of woe. One bright spot for GRE is that it has only minimal exposure to the mortgage indemnity business, which could produce losses of £800m for the industry as a whole this year.

Also on Thursday, interim results from Ladbroke Group are expected to show just how badly the Gulf War and recession has hit its mix of hotels, betting and other leisure-based activities.

All the indications suggest that Hilton International had a torrid first half, while betting shops were affected by bad weather at race meetings and the Texas DIY chain suffered from the recession. Analysts are expecting a sharp fall in pre-tax profits to about £100m, compared with £158.2m at the same stage last year.

W.H. Smith, the retailing group, is expected to show little improvement on last year's pre-tax outcome of £84.1m when it announces its preliminary results on Thursday. The company forecast in May, at the time of its £147.8m rights issue, that annual profits would advance by about 3 per cent to £88.5m.

Recessionary trading conditions and escalating costs will have pegged back profits. But analysts will be keen to hear a further elaboration of the group's strategy now that it has decided to refocus activities on its core retailing businesses in the UK and the US.

Williams Holdings, the conglomerate, is expected to announce on Thursday an increase in taxable profits from £60.6m to about £70m for the six months to June, helped by this year's £404m takeover of Yale & Valor, the locks and domestic appliances group.

UK COMPANIES

■ **YESTERDAY**
BOARD MEETINGS:
Interims:
ADT
Printech Int.

■ **TODAY**
COMPANY MEETINGS:
Abtrust New Dawn Inv. Tst., 99, Charterhouse Street, E.C., 12.30
Blysted Grp., Institute of Directors, 116, Pall Mall, S.W., 11.30
Moorgate Inv. Tst., 49, Hay's Mews, W., 11.00
BOARD MEETINGS:
Finals:
Davies (D.Y.)
River & Mercantile Smaller Co's Tst.
Interims:
Dewhirst Grp.
Fairhaven Int.
HSBC Hldgs.

■ **TOMORROW**
COMPANY MEETINGS:
Allied Colloids, Stakis Norfolk Gardens Hotel, Hall Ings, Bradford, 12.00
Debenham Tewson & Chinnocks, Intercontinental Hotel, 1, Hamilton Place, W., 11.00
I & S Optimum Inc. Tst., 1, Charlotte Square, Edinburgh, 12.30
Pepe Grp., Hilton Hotel, 22, Park Lane, W., 11.00
Swan (John), New Mart Road, Gorgie, Edinburgh, 3.30
BOARD MEETINGS:
Finals:
Flextech
Primadona
Richmond Oil & Gas
TR European Growth Tst.
Trio Inv. Tst.
Interims:
ATA Selection
Aegon
Braime (T.F. & J.H.)
Bredero Props.
Fife Indmar
Guardian Royal Exchange
McAlpine (Alfred)
Mersey Docks & Harbour
Wace Grp.

■ **THURSDAY AUGUST 29**
COMPANY MEETINGS:
Bulgin (A.F.), Bypass Road, Barking, Essex, 3.00
Greene King, Theatre Royal, Westgate Street, Bury St. Edmunds, 12.00
Hollas Grp., Cottons Hotel, Manchester Road, Knutsford, Cheshire, 9.30
Jupiter European Inv. Tst., Knightsbridge House, 197, Knightsbridge, S.W., 11.30
Scottish & Newcastle Breweries, Edinburgh Sheraton Hotel, 1, Festival Square, Edinburgh, 11.30
Southern Water, Dome Theatre, Church Street, Brighton, 11.00
BOARD MEETINGS:
Finals:
Smith (W.H.)
Interims:
Barr & Wallace Arnold
Bridon
Edmond Hldgs.
Ladbroke
Monument Oil & Gas
Williams Hldgs.

■ **FRIDAY AUGUST 30**
COMPANY MEETINGS:
Ivory & Sime, Caledonian Hotel, Princes Street, Edinburgh, 12.30
Learmonth & Burchett Mngmt., Le Meridien Hotel, 21, Piccadilly, W., 12.30
Telfos Hldgs., World Trade Centre, International House, St. Katherines Way, E., 11.00
BOARD MEETINGS:
Finals:
Minerals Oils & Resources
Interims:
English & Overseas Props.
Macfarlane Grp. (Clansman)

Company meetings are annual general meetings unless otherwise stated.

CONSTRUCTION CONTRACTS

London water ring main development

FAIRCLOUGH BUILDING and **FAIRCLOUGH CIVIL ENGINEERING**, *subsidiary companies of AMEC*, the international construction, engineering and development group, have secured over £47m in major contracts.

Fairclough Civil Engineering has won the last and largest section of the London water ring main from Thames Water. At £17.6m the works consist of a 17km, 2.91 metre diameter machine driven tunnel in London clay, three shafts and associated *m & e works. In addition*, a specialist coastal protection contract at Morecambe worth £1.4m has been won by its marine division.

Fairclough Building has won several contracts around the country. In the south the largest is a £7.9m seven-storey grandstand at Newbury Racecourse followed by a £925,000 extension of the British Midland departure lounge at Heathrow Airport, Terminal 1.

In the north, the company has won the contract for the £14m Crowne Plaza Holiday Inn at Leeds, and a £3.5m contract for a mechanical letter sorting office for the Post Office at Doncaster. In Wales, Cardiff's Lewis Road development for Moors Housing Association provides a design and build contract in the Welsh housing sector worth £3m.

Bridge restoration in the North East

EDMUND NUTTALL has been awarded its third consecutive bridge refurbishment contract in the north east of England. As a result, from September Nuttall will be undertaking refurbishment work on major bridges over the region's three main rivers: the Tyne, the Tees *and the Wear.*

The latest contract, valued at £1.2m, concerns the oldest of five River Wear road crossings in Sunderland, the Queen Alexandra Bridge. The work, to be carried out for Sunderland Borough Council commencing in August, involves replacing corroded structural steelwork members, corrosion protection of remaining structural steelwork, and strengthening works in readiness to meet European Community requirements which come into effect on January 1 1999.

Prior to the Sunderland contract, Nuttall was awarded a bridge refurbishment contract on the River Tees Viaduct for *the Department of Transport.* Due to start in September, this 42 week £800,000 project has G. Maunsell & Partners as engineers. *It is essentially a sub*structure pilot scheme for the repair of chloride-contaminated crossheads and columns to a number of piers under the viaduct.

The scope of the work entails jacking up the deck whilst maintaining live traffic and then demolishing and reconstructing two piers with in situ reinforced concrete. After new bearings have been placed, the deck will then be lowered.

Meanwhile, Nuttall is continuing its £3.41m refurbishment works on the Scotswood Bridge over the River Tyne in Newcastle. The box girder bridge is having its deck *replaced and waterproofed and* other work includes bearing replacement, concrete repairs *to piers and strengthening of* the approach spans. Edmund Nuttall is an operating company of HBC, Hollandsche Beton Groep.

£43m orders for Mowlem companies

HERTFORDSHIRE County Council has awarded the Watford-M1 Link main contract, worth £11.5m, to Mowlem South East, Tilbury, a division *of* **JOHN MOWLEM AND COMPANY.**

The two-year contract is for the construction of a two-lane dual-carriageway between junction five of the M1 (Berrygrove interchange) and Watford ring-road, and includes connections into Lower High Street and industrial areas in North Watford.

This 2.7 km scheme includes six reinfored concrete bridges and three flood relief culverts, and runs largely on embankments which will be formed from brought-in fill material.

Mowlem South East has won a number of other contracts with a total value of £10m.

The largest, at £2m, is for the *National Rivers Authority*, and involves the design and construction of steel sheet piled flood defences on the Thames and Roding rivers in East London.

Mowlem Building North Thames *region is to construct* a three-storey extension at Barkingside police station, Essex, including refurbishing the present building.

Work starts this month on a contact worth about £3m. The extension will cover some 2,000 sq metres, and comprise three floors and a basement. It will be brick clad with a steel encased concrete frame.

Mowlem Northern has won orders worth more than £17m.

Largest is a £3.5m design and build contract for a European research centre at Ruddington Fields, Nottingham, for Ransom, Hoffman and Pollard, a division of Japanese holding company Nippon Seko (NSK).

The complex, scheduled for completion in January 1992, will provide 60,000 sq ft of office space and a large ball-bearing test rig area.

The Hexham office has begun work on the first phase *of the Hylton riverside develop*ment.

The £2.75m design and build contract involves constructing 46,000 sq ft of office and industrial space within the Sunderland development zone for Sunderland Developments, part of the London and Edinburgh Trust, along with landscaping. Completion is scheduled for early 1992.

A £2.7m contract for the Department of Transport at Gatenby, near Leeming, in North Yorkshire has been won by the Gateshead office.

It entails construction of a new grade-separated interchange on the A1. The contract includes four sliproads, an overbridge and associated roadworks.

Wimpey to build motorway services area on the M5

WIMPEY CONSTRUCTION has received a £6.1m contract to build a motorway services area on the M5 near Strensham in Worcestershire. The scheme will relocate the northbound Kenning Services to a site one kilometre further north, near the M5/M50 junction. When completed in September next year, the facility will feature a restaurant complex, shops and related amenities within a landscaped environment. Extensive lorry parking is included in the scheme. Work has started, for completion in September 1992.

Hospital work for Higgs and Hill

HIGGS AND HILL MIDLANDS has started work on a £3m redevelopment of the Shropshire Nuffield Hospital at Shrewsbury for the Nuffield Nursing Homes Trust.

The first phase includes construction of an operating theatre suite, a self-contained sterile supplies unit, an endoscopy room, and a four-bed day care facility. An out-patients reception area, X-ray and ultrasound facilities, as well as five *consulting rooms and three* physiotherapy rooms will also be built. The new buildings are of traditional construction and are scheduled for completion by the end of this year.

The second phase comprises refurbishment of the present building, conversion of all patients' rooms to include en suite facilities, and refurbishment of hotel services and administrative departments.

"Toyota effect" in East Midlands

HALL & TAWSE GROUP has won a contract from the first car components company to follow Toyota to the East Midlands. The £2m *factory* in Burton-on-Trent is part of an £8m investment by American company Johnson Controls Automotive to supply all car seats for Toyota's factory at Burnaston.

The 5,300 sq metre factory is the second contract won by Hall & Tawse as part of "The Toyota Effect".

ARCHITECTURE

New bricks within old walls

". . . The art of building is born out of a pre-existing germ; nothing whatsoever comes from nothing. . . the type is a sort of kernel around and in accordance to which the variations that the object is susceptible of are ordered."

These are the words of the French writer and compiler of a 19th century dictionary of architecture, Quatremère de Quincy. He saw that tradition was part of architecture and that whatever is built somehow has a predecessor.

During the last three weeks and continuing during the next three, some 25 students from eight different countries are intensively studying architecture at The Prince of Wales's Summer School. I have been present at some of their deliberations, including the remarkable occasion when they were addressed by the current President of the Royal Institute of British Architects, Richard MacCormac.

Mr MacCormac spoke brilliantly about some of his recent work, including two chapels he has designed. His chapel for Fitzwilliam College, Cambridge, has been built. The other, which is a particularly good design, is sadly not going to be. It was for a new school chapel at Tonbridge School.

In my view it is a tragedy that the school, presumably under the influence of extremely reactionary conservationists, have decided to restore the damaged 1900 brick and sandstone chapel – an indifferent building by any standards – by the architect W. Campbell-Jones. MacCormac's design is a seminal one for a contemporary chapel and I only hope that some more enlightened client will build it one day. It has a great timber roof and walls that allow for the penetration of light in a way that is worthy of the best and most imaginative work of Sir John Soane. Only a conspiracy of philistines could have wanted to prevent the construction of this building.

The Prince's Summer School, in the catholicity of its tutors and the range of subjects that are being taught, from stone carving to sacred geometry, is naturally concerned with the fundamental role of tradition in the life of architecture. Taking place as it does in Oxford, Rome and the Villa Lante, it is inevitable that some of its major concerns involve the study of history and its application to the present. This concern has been exemplified recently in Oxford by the announcement of the proposals for a major new building for Magdalen College.

Oxford colleges have a mixed record when it comes to the commissioning of new buildings. They have unique powers of patronage and often unique access to substantial funds. They also have unique responsibilities to ensure that the future is as well served as the past. At Magdalen the college is especially fortunate in its possession of both a rare collection of collegiate buildings and a glorious series of landscapes. There is little in Oxford to rival the combination of water, deer park and groves of great trees. Architecturally the gothic holds sway from the surviving fragments of the late 13th century to the glories of the tower (circa 1509) and the creditable efforts of both 19th and 20th century goths.

During its history there was one serious attempt to introduce classicism in the form of the New Building (1733) by one Dr Clarke, probably with Gibbs as a consultant. But this one range of pedimented classicism was unpopular with the early Gothic revivalists and both Repton and Wyatt made unsuccessful plans to gothicise it. The recent invited competition organised to find an architect for a new series of buildings on the Longwall side of the college followed the well-tried Oxford method of invitations issued after soundings, visits and advice.

Fourteen architects were considered; visits and interviews followed and then presentations were made by 12 of the 14. Ultimately, after extensive consultation among almost all members of the college or their representatives, three were left on the short list. After one of these was finally dropped the vote was take between two final schemes, and the architect Demetri Porphyrios was chosen by a majority of two to one.

It is a fascinating tale of our times because the Porphyrios scheme was in final competition with one by the architect Ian Ritchie. Porphyrios had followed the Magdalen tradition of a group of stone traditional buildings, some with gables, others with castellated towers, and most of them in the collegiate gothic tradition. Ian Ritchie's design was more unified and striking in its use of glass to make a series of new oriels.

The college produced an excellent and detailed brief asking for accommodation for 90 students and fellows, a lecture theatre for 150 and large public rooms and computer facilites. The desires of the college were explained in detail – oak staircases with decorated newel posts, 9ft high ceilings, fireplaces, the use of stone where possible and a generosity of construction ond detail. Although no specific stylistic requirement was given, the designer was asked to incorporate details familiar to the Oxford scene.

Porphyrios has totally understood the Oxford college aesthetic, especially the sense of serial arrangement of towers and ranges of buildings that typify Magdalen. His lecture theatre is classical, his accommodation Tudor gothic. The college made it clear that they did not want something that looked as though it had come from another planet.

There is in fact something about this design that says "Oxford College" in its very essence. That great early 19th century architect Lequeu designed a project for a wonderful cowshed in the shape of a stylish cow in 1820. Saarinen designed an air terminal in the form of a giant bird. Even Mendelsohn proposed a car factory in the form of a streamlined automobile in 1914. The new buildings at Magdalen embody the essence of monastic collegiality. They will be familiar and probably beautiful. They will have to be immaculately built.

Colin Amery

Demetri Porphyrios' winning designs for the new buildings at Magdalen

The Fiery Angel

ROYAL ALBERT HALL & RADIO 3

This is, of course, the Prokofiev centenary year; and London's biggest celebration so far has been reserved for the Proms. Like a gigantic machine unstoppably in motion, his fourth opera took possession of the Albert Hall. Even before this brilliantly successful BBC Philharmonic Orchestra concert performance, many Prokofiev admirers had deemed *The Fiery Angel* the boldest and grandest of all his compositions; after it, the conviction must surely have claimed many more adherents.

This will be long remembered, I've no doubt, as one of the highlights of the whole Prom season. It was conducted by Edward Downes, whose reputation as a Prokofiev champion has never been more completely justified (he and his BBC orchestra have recently been flexing their Prokofiev muscles on a Festival Hall cycle of the seven symphonies – including, naturally, the *Third*, based on the opera). An expertly chosen cast – the leading lights of whom, plus Downes, will be reassembled for Covent Garden's *Fiery Angel* production next season – and the BBC Singers (in wonderfully confident form) made light of the sometimes unreasonably demanding vocal lines.

The total was one of the most powerfully argued statements of Proms "philosophy" in the 1991 schedule: a neglected work (not staged in this country since the New Opera Company's 1965 Sadler's Wells production) of hugely demanding size and performance style, mounted in the lavish, thoughtful way that affords new light, understanding, and enjoyment.

The Fiery Angel needs such illumination: despite the dazzling array of its sound-inventions, it is a tough nut among 20th-century operas. This is so not because of anything inherently problematic in its subject-matter – a medieval tale of the possessed Renata and the havoc she wreaks on all (not least the knight Ruprecht) who cross her path – but because of the lack of coherence and continuity in the telling.

The opera is at its most absorbing, indeed, hair-raisingly thrilling, in those episodes dealing with the symptoms and details of Renata's obsessions, and in its scenes of witchcraft and the supernatural. The finale, a great convent cantata for possessed nuns, with Renata's soprano voice flying above and the Inquisitor's bass rumbling below, is like nothing else in opera (and this in spite of Prokofiev's debt to the Lisztian and Rimskian chromatic inheritance).

But in between the great set-pieces of fire-and-brimstone, the pace is in danger of flagging, because the musical and dramatic treatment lacks any kind of psychological perspective. There is no depth to the plot and its characters, only a highly-wrought and high-coloured surface.

It's the operatic equivalent of Primitivist art (in an excellent programme essay Christopher Palmer viewed the episodes of macabre comedy in terms of Disney cartoons). Though so much of the work cries out for the stage, this is where the danger lies for any producer: and this was the triumph of the concert performance. Given Downes's complete command of the work – his touch light as well as forceful, subtle no less than vigorous – one could relish the music without fretting about theatrical bumps and lacunae.

The young Russian soprano Galina Gorchakova sang the killer role of Renata with a voice of hot-metal colour, sumptuous texture, and ample volume; impossible to imagine her, or the superlatively nuanced, proud-voiced Ruprecht of that great baritone Sergey Leiferkus, equalled, let alone bettered.

In a large cast Felicity Palmer (Hostess and Mother Superior), Mikhail Krutikov (Inquisitor) and Robert Tear (Mephistopheles) did particularly well alongside such a splendid choice of principals.

There is a new DG recording of the opera (431 669-2), by the Gothenburg Symphony under Neeme Järvi, with a non-Russian cast led by Nadine Secunde and Siegfried Lorenz; it fills a need, but if before last night it seemed to lack communicative vitality, how much more so afterwards!

Max Loppert

Simple Minds

MILTON KEYNES BOWL

Simple Minds' engagement with the headier regions of political rock seems temporarily to have been suspended; as their recent album *Real Life* suggested and their concert on Saturday confirmed, they have retrenched to the cosier world of mainstream rock. They closed their British tour at Milton Keynes heading a bill that had mainstream written right through it. No doubt the BBC's involvement had something to do with it (the whole six-hour event was broadcast live on Radio 1), but the choice of bands seemed designed to appeal to the widest possible constituency. Only the energetic Dublin-based An Emotional Fish, given the hard task of launching the extravaganza, showed any real abrasiveness, and even that was mollified all too quickly by the execrable OMD, while The Stranglers, complete with a new vocalist, put in a solid set that included its regulation quota of old favourites.

Most of the crowd though had come to see Simple Minds, to join in the ritual of mutual admiration that links Jim Kerr and his band with their audience. In concert the true function of Simple Minds' songs is revealed; the broad washes of sound that raise the curtain on their anthems are designed to resound around large arenas. The chorus lines, full of repetition, beg to be sung back at the stage with their messages uncomplicated and uncompromised. It's a wonderfully successful formula-stadium rock at its most potent and perhaps of current bands only U2 could do it better. On stage they are magnificently professional, Kerr unflagging in his effort to keep the faith with his audience, each anthem launched from the tightest of drumming and most uncompromising of bass lines with guitar solos stamped with authority; even projected to such a vast throng the sound was cleanly detailed and consistently involving.

But much of the edge has gone from their music. It was revealing that the tightest, most distinctive number of the night was a hard-driven version of the 10-year-old *Love-song*, while much of the recent material blurred one song into the next with an easy competence. Two years ago Simple Minds released *Street-Fighting Years*, the album that signalled the high point of their political consciousness; when *Belfast Child* from that collection appeared as a final encore it seemed like a very conscious piece of nostalgia.

Andrew Clements

EDINBURGH FESTIVAL

Philharmonia Orchestra

USHER HALL

The last time I heard *The Rite of Spring* at the Edinburgh Festival was in the 1970s, when the Israel Philharmonic Orchestra and Zubin Mehta, on tour at the festival, came wildly adrift about ten minutes into the piece and arrived at the half-way mark in a complete shambles.

This year there was no such disaster. The *Rite of Spring* had been scheduled in one of a group of three concerts given by The Philharmonia under its Principal guest conductor, Esa-Pekka Salonen. Each programme included one of the three favourite Stravinsky ballets, together with a section of Debussy's *Images* to start and a Bartók or Shostakovich concerto - not difficult 20th-century music and yet the hall was shamefully empty.

Unlike the unfortunate Mehta, who had spent much of the time before disaster struck dancing a ballet of his own on the podium, Salonen is a businesslike Stravinsky conductor. His beat is clear and decisive. Nothing much of importance escapes his attention. The Philharmonia, though it does not sound effortlessly flamboyant in this repertoire as some orchestras can, responded to him with what seemed to be real concentration.

At best, their performances enjoyed all the benefits of a young man's energies. Salonen takes the fast music a fraction up on the speeds which Stravinsky himself used (though not so much as Rattle has done in these pieces). *The Rite of Spring* worked up a fine head of steam, rhythmical and clear-headed Stravinsky playing, disfigured only at a few climactic moments, where Salonen allowed himself grandiose gestures.

On Saturday, the *Petrushka* was good on high spirits, less interesting in the depiction of the comic and grotesque characters that make up the story. There is a wealth of detail to be drawn from the orchestral writing in this score and Salonen was content to let it be subsumed by the whole. There was also some untidy ensemble. It was good to hear the complete *Firebird*, however. This is the least often done of the three ballets and the extra brass, positioned in corridors, made a splendid effect.

The three concertos were carefully chosen and well executed. The least compelling was Barry Douglas's account of the Third Piano Concerto by Bartók in the last programme, which exhibited a certain blunt power, but not the glitter by which Hungarians like Ranki, for example, have made the piece dazzle.

The other pair of performances would be difficult to better. Yury Bashmet is the world's most celebrated exponent of the Bartók Viola Concerto at the moment and Heinrich Schiff deserves hardly less acclaim for his playing of Shostakovich's Second Cello Concerto. Each is able to draw the listener into the inner world of the music - memorably so in the case of the Shostakovich, an often withdrawn and interior score composed during the long period when it was impossible even for music to speak out openly in the Soviet Union. Its message last week felt doubly powerful.

Richard Fairman

Picking at the Fringe

Frank Skinner has won the Perrier Award for the best cabaret performer on the Fringe at Edinburgh this year. As well as £1,500, he gets a booking at the Purcell Room on London's South Bank.

They should prove combustible dates. The Purcell Room is as atmospheric as a shoe-box; Skinner is the most outrageous comedian to emerge in years. He won the Perrier in close competition with the drag Queen Lily Savage and the deadpan comedian Jack Dee and against the fierce opposition of those panel members who reckon Skinner to be an unreconstructed sexist. He is the cheekiest chappie since Max Miller, whom he resembles in his ability to suggest that it is the audience that is driving him on to ever more outrageous sexual explicitness. He works a room like a pick-pocket, selecting victims whom he confronts almost physically, daring them to punch him on the nose. Skinner, who is appearing at the Pleasance, is unsubtle, provocative, remorseless, and very, very funny. He was a brave choice.

For years the Edinburgh Fringe has been in thrall to the standup comedian. This year he has made way for the play but, in a triumph for evolution, the best plays have been written by standup comedians. I have already praised Arthur Smith's *An Evening with Gary Lineker*. Smith is having a very good Edinburgh. His success of last year, *The Live Dead Show*, reopened yesterday and another new work *Trench Kiss*, is charming them in at the Pleasance. It demonstrates Smith's ability to tackle ambitious themes with light-fingered delicacy and locker-room dialogue: an Alan Ayckbourn in bovver boots.

Smith appears in *Trench Kiss* as a First World War buff whose perfect holiday is reciting the names on the graves in Ypres cemetery. His long-suffering wife wanders off and comes across a young officer detached from his trench and 70 years of history. She smuggles him back to modern London but the call to duty is paramount and he returns to Flanders, having first discovered through a call to the Imperial War Museum that it is his fate to be missing in action. Smith concentrates on the comic, and the tragic, gulf between the decency and prejudice of a 1916 gentleman and the humanity and boorishness of a modern man.

Two more standups who have come over all dramatic are Phil Cornwell and Rick Stone who have co-operated on *Once Upon a Time in Tottenham Hale* at the Assembly Rooms. Dave and Billy are petty criminals cum business men who are awaiting the guests for their ham and beer party. Their previous dos have been great successes, "though I don't think the shooting was strictly necessary."

They are like a couple of tiger cubs constantly snarling and facing each other down. The London argot is quite brilliant, the characters recognisable as the tattooed outcasts you avoid on the Tube with their yearning and tiny lives. The jokes are as limited as the protagonists' brains but the scope for sadness is boundless.

The Natural Theatre Company are one of many such troupes better known abroad than in their homeland. Their mix of music and humour with theatrical coups make them perfect entertainment for the Fringe. *Scarlatti's Wedding* also holds up intellectually, being the revenge of Bach, Handel and Vivaldi against their fellow 18th century composer, who with his 555 sonatas was confident of immortality. The Ladybird Book of Composers flourished by his rivals proves him wrong. It takes skill to have an audience, wearing masks and party hats, hiding behind their seats only to leap up to scare Scarlatti with a rousing cheer and all before lunchtime. *Scarlatti's Wedding* was my most blithely enjoyable dip into the Fringe.

The Fringe, like the Festival, has been criticised this year for predictability and a shortage of outstanding productions. With more than 500 events, the Fringe has alwaysmeant quantity rather than quality. Higher seat prices meant that you were reluctant to take risks on speculative outsiders.

The £7 ticket for an audience with Cynthia Payne seemed hefty, although her good sense on sex makes her cheaper than a visit to a psychotherapist. Others worthy of support are Karl MacDermott, whose *An Afternoon with Klaus Barbie's Penpal* at the Gilded Balloon neatly proved that his surreal imagination is currently stronger than his jokes, and Craig McMurdo, who was into the 1940s music of Louis Jordan before *Five Guys Named Moe*, and who would reap more credit if he could keep his chatter in check and let his band play on, in the Dream Tent in the Meadow.

Antony Thorncroft

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

ATHENS

Herod Atticus Theater 21.00 Concert by the Boston Symphony Orchestra conducted by Seiji Ozawa. Fri and Sat: Spyros Evangelatos' Amphiteatro presents Aristophanes' play Peace. Thurs in Lycabettus Theater: National Ballet of Ivory Coast. The two remaining festival performances at Epidaurus this summer are on Fri and Sat: the State Theatre of Northern Greece presents Bacchae by Euripides. Tickets for all Athens Festival and Epidaurus Drama Festival performances can be bought at the festival box office, 4 Stadiou Street (322 1459)

BERLIN

Deutsche Oper 18.00 The new season opens with John Dew's German-language staging of Les Huguenots by Meyerbeer, born 200 years ago on Sep 5. Stefan Soltesz conducts, and the cast includes Richard Leech and Lucy Peacock. Repeated Fri, also Sep 2 and 5. Tomorrow and Sun: Die lustigen Weiber von Windsor. Thurs: Der fliegende Holländer. Sat: Fidelio (West Berlin 3410 249)

Freilichtbühne an der Zitadelle 20.00 Open-air performance of Moliere's Tartuffe, runs till Sep 5 (West Berlin 3316 920)

Tribune 20.00 German-language production of *Moliere's Le Malade imaginaire, with a cast led by* Horst Schultheis. Daily (West Berlin 3412 600).

Schiller Theater The new season opens on Sat with Lessing's play Minna von Barnheim (Sun: Goethe's Iphigenie auf Tauris) in the main theatre, and Anouilh's *The Ladies' Band (L'Orchestre) on Sat and Sun in the Werkstatt* (West Berlin 3195 236)

DRESDEN

Semperoper 19.00 Die Entführung aus dem Serail. Tomorrow and Sat: Der Rosenkavalier. Thurs: *Cosi fan tutte. Fri: Ariadne auf Naxos* (484 2323)

Schauspielhaus 19.00 New production of Goethe's Stella directed by Wolfgang Engel, also Fri and Sat (484 2323)

GENEVA

Hôtel de Ville 20.30 *Piano recital* by Gustav Gertsch, with music by Beethoven, Webern, Debussy and Liszt. Thurs *in the Grand Casino: concert performance of* Othmar Schoeck's *opera* Venus, with a cast led by James O'Neal and Lucia Popp (289982)

LONDON

MUSIC

Queen Elizabeth Hall 19.45 Trevor *Pinnock directs* the English Concert *in a performance of* Mozart's *arrangement of* Acis and Galatea, with Barbara Bonney as Galatea and John Tomlinson as Polyphemus. Tomorrow: William Christie conducts the *Orchestra of the Age of Enlightenment. Thurs in Festival Hall*: John Eliot Gardiner conducts concert performance of Mozart's Entfuhrung. Fri: recital by Arleen Auger. Sat and Sun: Roger Norrington and the London Classical Players host a weekend of events focussing on Mozart's last year (071-928 8800)

Royal Albert Hall 19.30 Franz Welser-Moest conducts the London Philharmonic Orchestra in Beethoven's Egmont overture, Berg's Seven Early Songs with Felicity Lott, and Bruckner's Seventh Symphony. Tomorrow: Richard Hickox conducts Poulenc's Gloria and Walton's Belshazzar's *Feast. Thurs*: Ashkenazy conducts Walton's First Symphony. Fri: Peter Eotvos conducts Birtwistle's Earth Dances. Sat: Tennstedt conducts Beethoven's Ninth. Sun and Mon: Semyon Bychkov conducts Orchestre de Paris (071-823 9998)

THEATRE

Tango at the End of Winter: the *London premiere of* Kunio Shimuzu's *Japanese play, in a transfer of* the Edinburgh Festival production directed by Yukio Ninagawa, with a British cast led by Alan Rickman. Previewing tonight, press night tomorrow (Piccadilly 071-867 1118).

When She Danced is Martin Sherman's play (1985) about the legendary dancer Isadora Duncan and her relationship with the Russian poet Sergey Esenin. Vanessa Redgrave stars in the West End premiere, directed by Robert Allan Ackerman (Globe 071-494 5065).

Spunk is a widely-acclaimed New York Public Theatre production written and directed by George *Wolfe, adapted from short stories* by the black American Zora Neale Hurston, *using* blues and dance to illustrate three compelling tales of survival (Royal Court 071-730 1745).

Uncle Vanya is a Renaissance Theatre Company production of Chekhov's play in a version by Pam Gems, directed by Peter Egan *and Kenneth Branagh, with a cast* led by Richard Briers as Vanya and Peter Egan as Astrov. Ends Sat (Lyric Hammersmith 071-836 3464).

For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

LUCERNE

Kunsthaus 20.00 Zubin Mehta conducts the Israel Philharmonic Orchestra in Mahler's Fifth *Symphony. Tomorrow: Mehta conducts all-Mozart programme, with* Radu Lupu *soloist in Piano* Concerto No 25. Tomorrow in Hotel Schweizerhof: piano recital by Mieczyslaw Horszowski. Thurs: Jessye Norman recital. Sat and Sun: Abbado conducts the Berlin Philharmonic. The Lucerne Festival runs till Sep 11 (041-235272

NEW YORK

MUSIC

There are no performances at the principal opera or concert venues this week. The New York City Opera season continues on Sep 4 with a new production of The Most Happy Fella, a 1956 Frank Loesser musical, with the veteran baritone Louis Quilico in the title *role (870 5570). The New York Philharmonic Orchestra*'s 1991-2 season begins on with a gala benefit on Sep 11, followed by the first subscription concerts on Sep 12, 13 and 14. Kurt Masur will conduct two short works by John Adams and Copland's Old American Songs (with the baritone *Thomas Hampson), followed by Bruckner's Seventh Symphony* (875 5030). The Metropolitan Opera season opens with a gala performance of operatic extracts on Sep 23 (362 6000). Carnegie Hall re-opens on Sep 24 with a concert by the Saito Kinen *Orchestra conducted by Seiji Ozawa (247 7800)*

BROADWAY THEATRE

Long runners include Neil Simon's Pulitzer Prize-winning play Lost in Yonkers (Richard Rodgers Theater), Six Degrees of Separation, John Guare's dark comedy (Vivian Beaumont Theater, Lincoln Center), The Will Rogers *Follies, a musical which won six of this year's Tony Awards* (Palace Theater), The Secret Garden, a musical fairy tale (Saint James Theater), Once On This Island, a musical romance set in the Caribbean (Booth Theater) and Miss Saigon. Ticketron answers inquiries and sells tickets (246 0102)

PARIS

Auditorium, Forum des Halles 20.30 Georges Pludermacher and Jean-Francois Heisser *give a Mozart recital consisting of four-hand piano transcriptions.* Thurs: Ensemble Flexus presents a programme *of pastiches and transcriptions. Tomorrow* at Eglise *Saint-Severin:* Il Seminario Musicale presents an *evening of* choral music. These are the final concerts of the 1991 Festival Estival de Paris (4804 9801)

VERONA

Arena *21.00 Daniel Nazareth conducts* Giuliano Montaldo's production of Turandot, with Ghena Dimitrova in the title role, Bonaldo Giaotti as Timur and Nicola Martinucci as Calaf. Tomorrow and Sat: Nabucco. Thurs: John Cranko's *production of* Romeo and *Juliet. Fri: Rigoletto, with* Sylvano Carroli, Salvatore Fisichella and Alida Ferrarini. Sun: Closing gala concert of Mozart, with a line-up including Ann Murray, Katia Ricciarelli, Francisco Araiza and James Morris (045-800 5151)

VIENNA

Arkadenhof 20.00 Franz Bauer-Theussl conducts the Tonkünstler Orchestra in music by the Strauss family, Kurt Schwertsik and others, with cello soloist Rudolf Leopold (4000 8400)

Staatsoper/Volksoper The new season opens on Sun with Parsifal (Staatsoper) and Kalman's operetta Gräfin Mariza (Volksoper). The *Staatsoper repertory in the first week of the season also includes Turandot with Eva Marton, Die Zauberflote* with Barbara Bonney and Robert Lloyd, and Der *fliegende Holländer. Ticket reservations for holders of credit cards can be made by phoning* Vienna 5131 513

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SATURDAY

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0900-0930 World Business Today - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week
2110-2140 *Your Money*

SUNDAY

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1800-1830 FT Business Weekly
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2330-0030 FT Business Weekly

Sky News
1030-1100 *FT Business Weekly*

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Next steps and Moscow

MAJOR concerns now face the Soviet Union – and the world. As ever, responsibility for reform lies in the first instance with whatever constitutes authority in the Soviet Union, now mostly its constituent republics. But the part which other governments and international institutions can play is becoming clearer.

First, the Soviet authorities must clarify control of the Soviet nuclear arsenal. It is unclear who controlled release codes for nuclear warheads during the three days President Gorbachev was held in captivity. The rest of the world needs re-assurance that the system is in safe hands.

Second, there must be as rapid as possible an identification of where political responsibility lies. The coup has accelerated the destruction of the union and the Communist party. It thus "frees" the republics to face, without a central scapegoat, a skein of interwoven problems before which any politician would quail. With the slate wiped almost clean, they must work out how to co-operate; the devil is in the detail.

Third, and as a consequence of this necessity to co-operate, the republics must develop some a common political structure sufficient to deal with the most urgent problems which face them. These are their borders; the ethnic minorities within them; and their economies, including the complex question of property rights.

Policy on minorities

There is no republic whose borders are not disputable – which almost certainly means they will be disputed. Yugoslavia could soon look like child's play in comparison. Within the Soviet Union's borders lies a jumble of 130 nationalities – some tiny, some great – most of all, the Russians, whose empire this land has always been and who live in their millions in all republics. It is most urgent to agree and sustain a policy on minorities which grants full rights and which is strong in its determination to protect against discrimination and attack. It is difficult to see this volatile situation being managed effectively without external mediation; the United Nations will need to be ready to play a part.

General ruin

The sharing out of union property and resources impinges on the welfare of all, since it means parcelling out enterprises and resources which have been designed and run as an integrated if inefficient whole. Yet again, past practice has been dispiriting: republics are seeking to grab what they can, to shore themselves up against general ruin by closing their markets.

Fourth, the new authorities, with Russia necessarily in the lead, must develop a political strategy and style which mixes authority with the encouragement of a developing pluralism. If there is to be a union government, it must soon have an elected president and government, with alternatives preparing themselves for future power, as Mr Gorbachev seemed to acknowledge yesterday. Within the republics, parties must also prepare for both power and opposition. The economic hurricane still to come across the land cannot be withstood without mutual restraint from those who propose themselves as future leaders.

Lastly, the world community must determine the mode of its interventions, driven, as it must be, by the pace of events in the Soviet Union. Emergency aid for this winter is one thing, and manageable, but basic decisions on structural assistance cannot be long delayed. The central pillars of such a programme must be the world financial institutions, the IMF, the World Bank, the EBRD and the OECD. At least they can now expect to deal with more willing partners in Moscow and the republics, such as, in the capital, the new inner cabinet which includes Mr Grigory Yavlinsky, co-author of the one plan advocating a framework for international collaboration. The west still awaits from Moscow a credible framework; once this exists, a prompt and imaginative response will be in order.

The Baltic case

THERE IS now no over-powering reason not to recognise the independence of the three Baltic republics, but it must be done with care. There had been a reasonable desire in the west not to precipitate a break-up of the Soviet Union. There was the hope that the Soviet centre, personified by Mr Gorbachev, could hold and prosecute political and economic reform. His co-operative foreign policies were another reason not to undermine him at home.

All this has changed. The initiative and the responsibilities now lie with the republics, of which the Baltics are a special case. Their annexation in 1940 has never been internationally recognised in law by the west, which cannot be said of any other republic. Critically, in the present juncture, Mr Boris Yeltsin, the Russian president, has supported their independence.

But there is a danger. The most important task facing the emerging new power structure is forging a union treaty able to provide a framework for economic reform. Recognising all those republics with claims to independence may make this impossible. Equally the Baltic states must themselves exercise patience and caution.

UK trade winds

AGAINST the past year's gloomy economic back-drop, UK exports have recently provided a little cheer. Yet the current account remains in deficit and is likely to deteriorate over the coming year. Whether this rising deficit is storing up future problems is a moot question. But the omens are not encouraging.

The UK has a current account deficit because consumers and companies consume and invest more than the economy produces; the extra spending is financed by loans. Over the past decade consumption has been twice as important as investment in bringing about the deterioration in the external balance. There is no binding reason for consumers and companies to start repaying this debt in the near future, but until they do, returns on UK assets must remain high enough to persuade foreign investors to lend.

The need to keep investors happy is the main reason a persistent and substantial current account deficit matters. For if investors believe that exports are uncompetitive at the current exchange rate then the perceived risk of a devaluation will grow. Sterling will weaken and interest rates will need to be higher than in most other members of the ERM.

The fall in the UK's external deficit over the past year has been the result of the recession, not improved competitiveness; import volumes have fallen for the past four quarters. None the less, a June surge in exports prompted some analysts to herald a UK export renaissance. The car industry's performance is cited as evidence: in the three months to July, car export volumes were 61 per cent higher than a year ago.

Sadly, car exports account for only 4.6 per cent of total exports. Elsewhere, however, export performance has been disappointing. In the first seven months of 1990, export volumes, excluding oil and the erratic items, rose by 8.7 per cent compared with 1989. This year volumes were up by just 2.9 per cent. Over the past year, the growth of UK export volumes has been slower than those of the US, Germany, Japan and France.

The evidence suggests that a boost to UK manufacturing competitiveness and profitability will be needed if the trade deficit is to narrow and if the UK is to avoid a long period of slow growth. With sterling fixed in the ERM, a real exchange rate devaluation can only come about if British unit labour costs grow more slowly than in the rest of Europe.

Over the past year UK unit costs have outpaced those of the competition, but the prospects look better. British wage settlements are running below those in Germany; and UK productivity should pick-up while German output growth begins to slow. Yet this fall in UK wage inflation carries a high cost in terms of lost employment. Unemployment may have to remain high to prevent resurgent wage inflation.

For the government, the trade deficit may cause problems sooner than it might hope. If Labour remains strong and investors perceive equivocation in its pledge not to devalue, interest rates may even have to rise before the election. The deficit, the government argues, is a product of private, not government, decisions. But these private decisions could still be its undoing.

After communism, a splintered politics is emerging among the diverse constituents of the disintegrating empire, writes **John Lloyd**

Power to the Soviet peoples

The future is already being built as the ruins of the past collapse. Those politicians – first among them Mr Mikhail Gorbachev, the Soviet President – who hope to retain the energy and the authority to shape that future, were yesterday sketching in its lineaments.

Mr Nursultan Nazarbayev, the president of Kazakhstan who until last week was also the leader of the republic's Communist party, told the Supreme Soviet that the union could now only be a confederation, a "free union of sovereign republics" with the central powers limited to guarding the borders, administering trans-union communications and transport and "a general conception" of international relations. In addition, a form of economic agreement would be signed – perhaps on the model of a poor man's version of the European Community. Essentially, this proposal, from a man who has been the most powerful player in republican politics after Mr Boris Yeltsin, is for government by a committee of republican leaders.

Mr Gorbachev, though he has cast away so many of his garments in these past few hectic days, still cleaves to a stronger version – proposing that, after the signing of a renewed version of the union treaty, there should be elections for a union government and for his own post as union president. It is the only hope he has left for renewing his authority: but if this were to be agreed, he and his government would have an independent source of power which would not accord with Mr Nazarbayev's vision of a confederation.

In the first, there would essentially be little at the union level about which to have politics – since everything would be decided by the interplay of republican politics. In the second, all-union parties and movements would be bound to form around the campaigns and programmes of the presidential and governmental candidates – though for the foreseeable future, the real political forces would be concentrated within the republics, most now committed to finding some route towards independence.

Even if the three Slav republics are to proceed as separate states they face common problems

This will be hard, and the routes they find will be varied. One possibility is that mooted in a celebrated pamphlet, written last year by Mr Alexander Solzhenitsyn, the greatest Russian writer of the post war period. Mr Solzhenitsyn, still in exile in the US, wrote in his "How Are We to Reconstruct Russia?", that all the "imperial possessions" should be cut away from the body of mother Russia – but that Ukraine and Belorussia, the two other Slav republics, were essentially part of that body, and that their excision would be amputation. Historically, linguistically and politically, he argued, the call for their independence from Russia was a demagogic nonsense – so close were the ties, reinforced by shared struggles, shared repressions, by intermarriage and by migrations.

This remains to be proved or disproved: certain it is that many in these two republics, especially those who are Russian or of mixed race, would hope he was right. However, even if these three Slav republics are to proceed as separate states – which presently seems the more likely alternative – they face common problems. In all of them, the overpowering issue of an anachronistic economy, now facing the shock of the world market, will land them with plant closures, redundancies and demands for protection of income against which their new governments – or old governments, if they can retain control – must struggle with a reducing national wealth.

As they do so, they will find their dispossessed turning to ever more violent and extreme forms of politics, no doubt assisted by the legions of former Communist Party and secret police officials who will have suffered a precipitate loss of prestige, power and income. These politics are not likely to be communist, but rather nationalist – with the objects of their frustration to be ethnic minorities within their borders, and foreigners outside of them. The Communist party had contained, sometimes encouraged these forces – but it kept them from unrestrained excesses. There is now nothing which can perform that function.

In Moldavia, where the bulk of the population consists of ethnic Romanians there is already great tension between that majority and the Russians on one hand and the Gagauz, a Christian Turk people, on the other: this tension is likely to imprison politics there within a nationalist grip. Moldavia's declaration of independence, to be formally announced today, will be accompanied by a statement that it will not seek union with Romania – as some of its more extreme nationalists originally proposed. However, Mr Mercxea Snegur, the Moldavian president, said yesterday that he wished to "create conditions so that Romanians in both countries do not feel there is a border between them".

The Baltics, the last to lose an independence which they had enjoyed between the wars and the first to claim back that independence, have already developed competing parties. In Lithuania, the Sajudis party surrounding the President, Mr Vytautas Landsbergis, has already split to make common cause with some of the reform communists to produce a social democratic grouping which opposes what it sees as his foolish refusal to negotiate with the Soviets. Here one can glimpse a political trajectory which has recognisable west European contours – though for these states, too, the nationalist concerns which were stillborn in the war and the Soviet grip which followed, have far to go before they work themselves through and allow "normal" political development.

In the Transcaucuses, there cannot be such a thing as "normal" politics, and will not be for some years to come. The Republic of Georgia, which produced some 100 political groups, is dominated by the struggle over the rights and positions of its internal minorities – Abkhazians, Ajarians and most of all the South Ossetians, all with their own territories and all with a fear of Georgian domination. The Georgian intelligentsia has still to produce a liberal politics free of nationalist obsessions.

Armenia and Azerbaijan have found and will find their politics overdetermined by the fight with each other over Nagorny Karabakh, and by their mutual fears of each others' aggressive intentions. They are historic enemies: Armenians call the Moslem Azeris "Turks", a name which conjures up the perpetrators of the holocausts unleashed upon them in the 1890s and in 1915. Curiously, their present power structures reverse their traditional stance: the Azeris, before the revolution hostile to the Russians, have in government still a conservative Communist Party, which welcomed the coup and which yesterday ordered the suppression of a demonstration celebrating its collapse; while the Armenians, who had looked to the Russians for salvation from the Moslem world, have in power the representatives of an intellectually led nationalist movement which seeks independence from Moscow.

The Central Asian states – Kazakhstan, Kirgizia, Tadzhikistan, Turkeminstan and Uzbekistan – were collectively known in pre-revolutionary times as Russian Turkestan and were cut up into "national" divisions in the 1920s and 1930s at a time when their national consciousness was confined to tiny groups of westernised intellectuals and their peoples had little concepts of borders or of central government. They have thus come into nationhood via the Soviet system: they have remained the poorest of the Soviet states (though richer than the contiguous Moslem states, like Mongolia and Afghanistan) and are traditionally inert, strongly controlled by their local Communist elites and subservient to and dependent on Moscow.

Only Kazakhstan, with an industrialised sector in the north and with rich oil and other mineral resources, escapes in part from this – though it has as many Russians as Kazakhs within its borders, and indeed was proposed by Solzhenitsyn as an honorary member of the Slav family. There, the more liberal developments of recent years have allowed the tentative rise of Moslem nationalism – more than an echo of which is heard in the Russian autonomous republic of Tatarstan, which has like the Central Asian states a conservative communist leadership. Moslem nationalism has yet to show itself as militant and as capable of challenging the authorities: but with the collapse of the Communist Party, and the discrediting of those leaders who supported the coup, it has much greater space to express itself than it has had in the Soviet period.

There is this much greater scope for a splintered politics across the Soviet Union – pursuing very largely differing agendas, responding to the beat of differing, potentially hostile, nationalist emotions – than there is for all-union movements expressing common aims and policies.

There is no question that the Soviet legacy has left many common features, and has tied these states in to an interdependent economic system where the autarchy of one contributes to the impoverishment of all. But the business of finding a national identity has been repressed for so long beneath the Soviet age that it can only, so far, be the concern of political intellectuals to attempt to construct trans-border, trans-ethnic, trans-religious groupings based on shared interests.

One such attempt is led by Professor Stanislav Shatalin, the co-author of the "500 Days" economic reform programme which was put on ice last autumn. His United Democratic Party has been an effort to draw together the democrats and radicals of all republics; while the Movement of Democratic Reform associated with Mr Eduard Shevardnadze and Mr Alexander Yakovlev, and the just renamed Peoples Democratic Party (formerly the Communists for Democracy) of Mr Alexander Rutskoi, the Russian vice president, are both fishing for members across the republican borders. They are, however, overwhelmingly Russo-centric: Mr Shevardnadze is a Georgian, but is a political stranger in his own land, and has never attempted to enter its post-Communist political arena. Now, as the republics peel off into independence, there can be few non-Russians who would find it worth their while to seek to further the democratisation of a union which their leaderships and movements see as no longer relevant.

Soviet communism leaves another legacy: it really did succeed in creating a vast working class, even if it did not manage to keep its loyalty or destroy its various nationalisms. Working class politics will determine the base of developments in all of these republics, for in each, the class which has enriched itself, or has or could soon have ownership or control of substantial assets, is tiny, with the Communist part of it discredited and even under threat.

The social differentiation which, in the 18th and 19th centuries in Europe and elsewhere, propelled middle class then working class politics, is still at a primitive stage. Moreover, there cannot be a leisurely growth of popular political power, as wider and wider circles of the people are brought within the fold of democratic politics. Now, vast masses of people, many reasonably well educated, want power all at once and have a huge burden of grievances and frustrations.

The motto of Soviet politics today is: "Here Comes Everybody". The people want what the democracies got through a century or two of struggle and reversal. Telling them they cannot have it, but might build something like it for future generations, will be the task of a new crop of politicians who will have the most exciting jobs in the world – and the least secure.

Boris Yeltsin, top left, greets Alexi II, patriarch of Moscow and All Russia, yesterday while an elderly Muscovite, above, celebrates a new era in Russia

OBSERVER

Wheeler dealer

■ As the world's air-waves hummed with events in the Soviet Union last week, Polish Radio suddenly put out a call for a bicycling economist. Would Marek Dabrowski, believed a-wheel in Lithuania, immediately contact the nearest Polish consulate?

The transmission strengthens expectations that the cyclist will be the next chairman of Poland's central bank, the NBP. The job will fall vacant soon when parliament approves the resignation of Grzegorz Wojtowicz, suspended after his deputy was arrested on charges of illegally issuing credit guarantees.

Dabrowski has already been a deputy finance minister – a post which he resigned last year over differences with Finance Minister Leszek Balcerwicz over monetary policy. Dabrowski thought it was a mistake to be loosening monetary controls at that time, and said so loudly in the ministry's internal councils.

But he is not the only candidate for the bank chairmanship. Another with eyes on the post is previously disappointed contender Andrzej Olechowski, a deputy trade minister who left the NBP earlier this year after Wojtowicz was appointed. Since then Olechowski, who has worked at the World Bank, has been wrestling with Brussels to get Poland the best terms in an association agreement with the European Community.

Hidden gems

■ No sooner has Dickson Poon snapped up Britain's Harvey Nichols, than Observer hears that another Hong Kong Poon is out to corner the world market in cattle gallstones.

At £6.30 per gramme, they are like gold dust to the Chinese who have been employing them for over 2,000 years to make potions which they use much as westerners do antibiotics. In search of added supplies, Elizabeth Poon has not only contacted the Walsall Chamber of Commerce but is keen to hear from butchers elsewhere interested in making extra money.

Like human beings it seems, only a small percentage of cattle have gallstones, so Ms Poon recommends that each bladder be opened and checked. "Punch a hole in the gall bladder and allow the fluid to drain. Remove any gallstones and place them in a kitchen colander or small basket to dry in a drafty place", she advises helpfully.

The stones, golden brown in colour, range in size from as small as a pigeon's egg to as big as a hen's. "Don't dry stones under direct sunlight which can cause them to turn black making them less valuable. Never let the stones become mouldy. When dried the stones should be tightly packed in a plastic bag, inside a strong container lined with cotton wool or plastic foam."

Anyone interested should contact Ms Poon (Hong Kong fax number 8523110693). Who knows, it could be the answer to the financial problems of Britain's cattle merchants.

Danish first

■ Denmark is particularly proud that it has won the race to be the first western country to appoint an ambassador to Latvia, one of the three breakaway Baltic republics.

Danish foreign minister Uffe Ellemann-Jensen has taken the lead in pleading the Baltic countries' case in the EC, at the Conference on Security and Co-operation in Europe, and among Nordic colleagues. He has been anxious to erase the stain of appeasement of Soviet interests with which Denmark was marked in earlier years. The swift appointment of an ambassador to this sensitive area is another reminder to Denmark's Nato allies that it is no longer overly servile to the Soviets.

Otto Borch, Denmark's new man in the Latvian capital of Riga is one of the country's most distinguished diplomats. As ambassador to Nato and to Washington, he was often involved in trying to smooth things over when the politicians back home insisted on reserving the country's position on a variety of Nato issues, often to the intense irritation of its allies. Having just served three years as ambassador in Stockholm, Borch was due to retire on reaching 70 next month.

"Hello Control, can someone turn the Swan Lake off?"

Whistle blower

■ Is Britain's Football League really going to exhaust its members' sparse funds by dragging the elderly Football Association through the courts to hold off the threat from the FA's proposed premier league?

Until a week ago the decision would have been made by the self-made men dominating the smoke-filled boardrooms of football clubs up and down the land. However, now the 103-year-old Football League has had to call in the receivers, its management committee under Blackburn Rovers' sexagenarian Bill Fox has had its striking power markedly weakened.

Fifty-year-old Arthur Sandford, a former town clerk who took over as chief executive of the Football League less than two years ago, now finds himself running the league in conjunction with an accountant who knows nothing about football. He is Ian Watt, aged 58, a partner of KPMG Peat Marwick.

His selection is significant. His firm is not associated with the FA or the league, and he made his name as a Department of Trade and Industry inspector into the complicated affairs of Guinness and Alexander Howden. Clearly, he is not just a standard company receiver, and his skills may help to end a bitter dispute clouded more by emotion than financial commonsense.

In a field which suffers from a dearth of business talent, let's hope Watt's guest appearance marks the start of a new ball game.

Nice timing

■ In terms of great Russian business coups of our time, conference-organiser Sue Wake's latest on-off-on venture takes some beating.

When originally planning a Europe-USSR Law and Co-operation forum, she booked it for Moscow's Ukraine Hotel, across the river from the Russian Parliament, last week – guest speaker one Mikhail Gorbachev. But worries about attendance led her to re-schedule it for late October.

Gorbachev must be praying her luck holds out.

There is a growing feeling in UK industry that the worst of the recession is over. In the first of three articles, **Michael Cassell** gauges the mood

The only way out is up

Perhaps the after-glow of the summer holidays has left an unrealistic air of optimism in the boardrooms of Britain's manufacturing companies, but there is growing talk of sunnier times ahead.

Confidence that the darkest days of deep recession may almost be [redacted] no longer appears to revolve exclusively around the wishful thinking of politicians or the [redacted]e bravado of estate agents. Executives in most areas of business agree that the economic nadir has been reached – a view effectively confirmed by the conflicting economic signals now on offer.

On one hand, the Bank of England claims the recession is "bumping along the bottom" and that there is no clear evidence of any improvement. The Confederation of British Industry says that, while the worst may be over, any revival remains elusive and the pattern varies between regions.

But [redacted] is also evidence, [redacted] th[redacted] increasingly apparent, that recovery [redacted], in fact, started. The London stock market at least seems in little doubt that the only way out is up.

The dying days of August have, indeed, brought some comfort for Mr Norman Lamont, the chancellor, sticking to his forecast of recovery in the second half of a year which has only 18 weeks left to run.

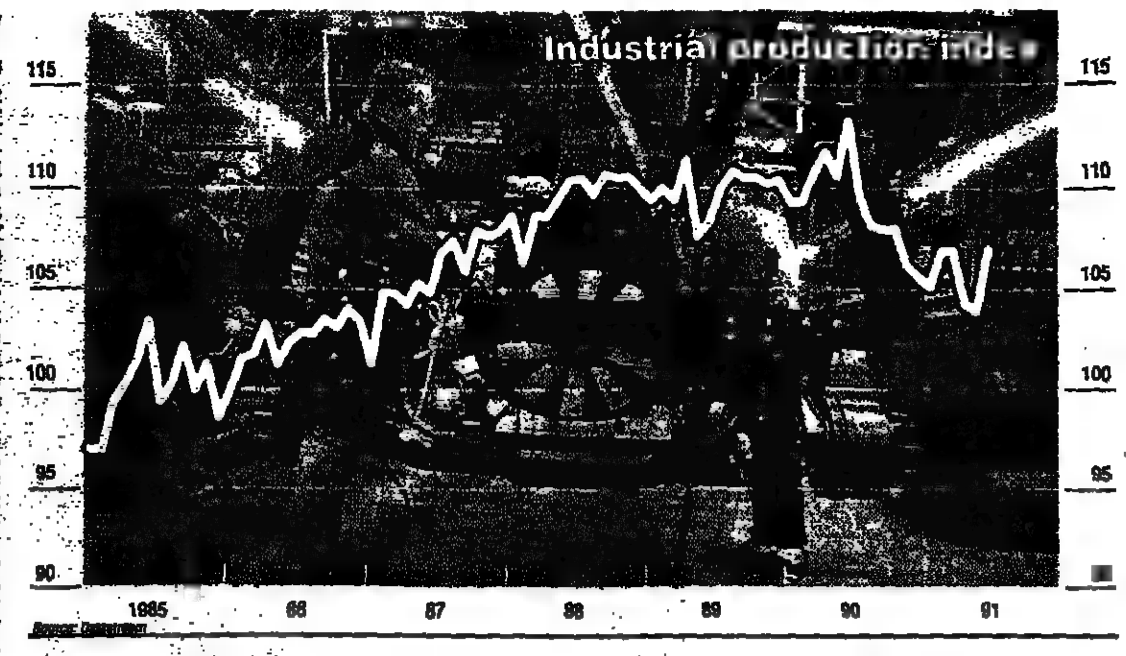
Since the start of this month, figures suggesting total UK manufacturing output may show [redacted] modest recovery this year have been accompanied by news of a further, large fall in retail price inflation.

Lagging indicators such as unemployment remain gloomy and more redundancies are still [redacted] pipeline. But cost [redacted] manufacturers have eased, not least when it comes to wages.

Now, the first flutterings of improved consumer confidence – which the government hopes will be [redacted] the cutting edge of this [redacted] as of previous ones – have emerged in a small but unexpected rise in retail sales, although as an FT survey showed last week, the retailing sector remains almost unremittingly downbeat.

Even the sharp drop in car sales could be bottoming out. A rare, optimistic statement on the outlook for sales came last week from Mr Geoffrey Whalen, managing director of Peugeot UK, which has sold more vehicles this month than in August [redacted]. Mr Whalen, as vice-president of the Society of Motor Manufacturers, believes sales in August – traditionally their best month – are likely to finish 15 per cent down on the same month last year, a much better performance [redacted] forecast. New car sales in the first three weeks of August were only 12.8 per cent down on the same period a year ago.

Mr Martin Taylor, chief executive of Courtaulds Textiles, whose products line the shelves of shops around the country, says that although the benefits of any spending revival have yet to show through in trading performance, he is satisfied that an improvement is near: "The recovery will probably be modest but it should be better grounded [redacted] growth which preceded the recession."



In the battered housing sector, another [redacted] of [redacted] where [redacted] return of consumer confidence is usually first detected, there are occasional, encouraging straws in the wind.

Marley, the construction materials and automotive components [redacted] it is "crawling out of recession" [redacted] slowly improving backdrop for its [redacted]ties – a view that is not universally shared in the building industry.

Mr Chris Beeham, Marley's finance director, says its building materials operations, after "plumbing the depths for two years", generated more profits in the second three-month period of 1991 than in any quarter over the previous year: "New housi[redacted] is again becoming [redacted] first-time buyers. Housing starts are picking up and [redacted] expect [redacted] to gather momentum. The improvement [redacted] modest and slow [redacted] it [redacted] arrived."

Further down the manufacturing chain [redacted] consumer, [redacted] component suppliers to manufacturing industry are also encouraged: "It's pretty fragile but we are feeling more optimistic as the weeks go by," according to Mr Colin Hope, chairman of T&N, [redacted] automotive [redacted] and engineering material supplier.

Sir Christopher Hogg, chairman [redacted] chief [redacted] of Courtaulds, supplier of chemicals and specialist industrial materials, [redacted] the economy has already moved off the bottom: "Recovery is on the way for the last quarter of the year and into 1992, even if it is slow and halting."

At the heavy engineering end of industry, however, the economic light appears to be more faint. Lancer Boss, the [redacted]-based lift truck manufacturer does [redacted] expect orders to bottom out until [redacted] Mr Neville Bowman-Shaw, Lancer's chairman, believes the company's market will not see significant growth until the middle of next year.

Mr Paul Horrell, finance director of Benjamin Priest, the Midlands engineering group, says his company remains at the bottom of the recessionary cycle, where it [redacted] been since the spring. A slight upturn in orders for some types of machinery gives rise to limited optimism, although demand for other products continues to decline.

This recession, it has long been suggested, has hit the south hardest, given its unexpectedly harsh impact on service industries.

[redacted] Scotland, many companies accept that, though they have not escaped entirely, they have fared better than in the early 1980s. Mr Ron Garrick, chief executive of Glasgow-based Weir Group, the engineering product and [redacted] business, says orders [redacted] profits have shown [redacted] sign [redacted] Any end to the economic downturn will, consequently, be less marked.

But if this theory holds north of the border, West Midlands industry has again suffered painful contrac[redacted] companies are yet prepared to suggest that the worst may be over.

Mr Tim Kelleher, chairman of [redacted] International, [redacted] Birming[redacted] industrial machinery manufacturer, does not think any improvement is under way.

"The situation is far more grave than the [redacted] Companies are [redacted] floor [redacted] and, in the short term, things look [redacted] they [redacted] likely [redacted] worse. This economy does not need any more half-measures but a great big kick-start."

The "kick-start" Mr Kelleher refers to is a further, substantial cut in interest rates, the case for which is also made by Mr Edward Roberts, chairman of the West Midlands CBI.

Mr Roberts says that the deterioration [redacted] trading conditions has stopped but [redacted] few companies expect any improvement until next year. Small businesses, he says, are still in [redacted] trouble and many could disappear, while investment levels continue to suffer from lack of confidence and cash.

Though some industrialists portray this recession as far more damaging than the last, Mr Roberts acknowledges that there has been a further opportunity to improve efficiency and competitiveness.

Within Heath Springs, the company of which he is chairman and chief executive, the use of existing capacity has improved sharply, and greater efficiency has led to work being won from competitors.

Mr Roberts says optimism among the region's businessmen about longer-term prospects is improving significantly. But to restore confidence in the immediate future, he wants government action now.

The shopping list includes a 1 per cent reduction in interest [redacted] possible cut in employers' national insurance contributions and the provision of one-off investment allowances.

Mr Robin Biggam, [redacted] executive of BICC, the cables and construction [redacted] which last week joined the long list of companies reporting much-reduced profits, [redacted] another interest rate cut.

"We need [redacted] signal from the government that will inject some badly needed confidence back into the economy. I believe a 1 per cent cut would do the trick and is now possible within the constraints of the exchange rate mechanism.

"We [redacted] point [redacted]onfidence [redacted] decisive. With it, the picture could [redacted] change significantly; [redacted] it, the UK risks being [redacted] very badly behind."

UK companies [redacted] turning to overseas markets to escape the effect of recession at home, writes **Charles Leadbeater**

The silver lining for British industry

On Mr Wolfgang Becker's office wall in Düsseldorf hangs a thread from the silver lining to the recession which has engulfed British industry in the last year.

It is a chart which shows car distributor Auto Becker's sales of Rover cars, rising from 300 this year to 500 a year in 1993. Five years ago Düsseldorf-based Auto Becker struggled to sell 50 British Leyland cars a year.

As Mr Becker, the company's chief salesman, puts it: "Five years ago if I had asked a salesman to [redacted] on Rover cars he would have left the company."

Rover's exports to Germany rose by [redacted] per [redacted] from 3,200 in the first six months of 1990 to 5,300 in [redacted] half of this year. Its exports as a whole rose 33 per cent in the first six months of this year, helping it to maintain production at about 480,000 cars a year, despite the 24 per cent fall in UK [redacted] market so far this year.

All [redacted] manufacturers have been s[redacted] production to exports to offset the effects of the UK [redacted] In the first half of this year 335,000 cars were exported, almost half UK production. This compares with exports in 1986 of 187,000.

The export record of the British-based car industry has taken on a political as well as a commercial significance. Mr Norman Lamont, the chancellor, has singled it out as evidence that British industry's international competitiveness was transformed in the past decade.

Exports are likely to see some companies through the recession and out into recovery. Many factories have been kept humming through the leanest times by export sales. It is widely hoped that export growth will help to fuel recovery as the US emerges from recession and world trade picks up.

Exports are critical to companies such as Verson International, the Midlands based machinery maker which normally exports about 75 per cent of its output. In the past year it has pumped up exports to 90 per cent of sales. Mr Tim Kelleher, Verson's chairman says: "If we were dependent on the UK [redacted] would be out of business by now."

But how well [redacted]unded is this confidence in British industry's revived ability [redacted] compete in international markets, and [redacted] performance of [redacted] car makers representative of industry as [redacted] whole?

[redacted] improvement in [redacted] car industry is not a flash in the pan. Car exports started [redacted] expand significantly in 1987. As with other car companies the improvement at Rover was the product of [redacted] drawn out struggle to turn the business [redacted]

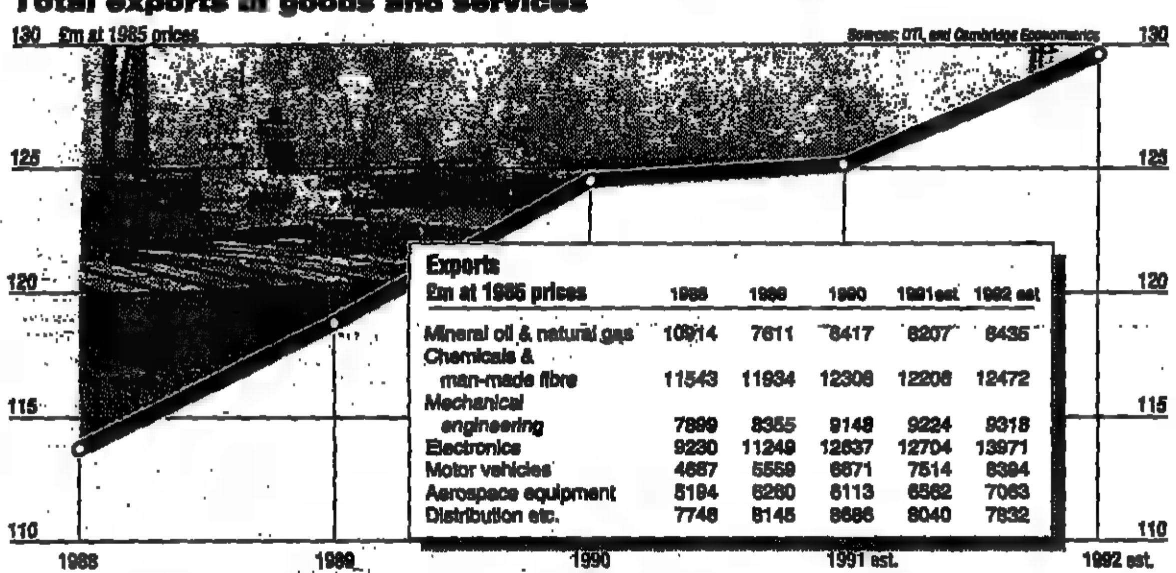
Ten years ago British cars were legendary [redacted] poor quality. Mr [redacted] "The Rover models launched in the past two years surprised everyone because their quality was as good as German cars."

Most importantly, Mr Becker says, Rover has invested in new models: "In the past we could only sell the small Mini and the luxury Range Rover, [redacted] there was a great hole in between. In the past few years that gap has been filled."

The Made in Britain mark was once the kiss of death for [redacted] car on sale in Germany. [redacted] Becker [redacted] "People want [redacted] wood finish and leather seats, British style. [redacted] should put [redacted] small Union Jack on the car, that would sell it more."

'Five years ago if I had asked [redacted] salesman [redacted] concentrate on Rover [redacted] he would have left the company'

Total exports [redacted] goods and services



Exports £m at 1985 prices	1988	1989	1990	1991est	1992 est
Mineral oil & natural gas	10914	7611	8417	8207	8435
Chemicals & man-made fibre	11543	11934	12308	12208	12472
Mechanical engineering	7899	8355	9148	9224	9318
Electronics	9230	11249	12637	12704	13971
Motor vehicles	4687	5559	6671	7514	8394
Aerospace equipment	5194	6260	6113	6562	7063
Distribution etc.	7746	8145	8686	8040	7832

[redacted] car manufacturers [redacted] been [redacted] in expanding [redacted] Overall manufacturing export volumes, excluding goods [redacted] which orders are erratic such as ships, North Sea installations and aircraft, [redacted] 3 per cent higher in the three months to July than in the same period last year, according to last week's trade statistics.

Within this there have been some [redacted] gains. Exports [redacted] British-[redacted] television sets were worth £304m in the first half of the year, 29 [redacted] up on the same period last year. Clothing exports were up 13 per cent in the first five months of this year, after a 17.6 per cent rise last year.

Perhaps the most striking example of an industry shifting to export markets is chemicals. In June export volumes of inorganic chemicals were 73 per cent up on a year ago.

The export performance of manufacturing in this recession contrasts sharply with the recession of 1980-81, when a rise in oil exports offset a fall in manufacturing output. In the current recession the value of oil exports is falling while manufacturing is expanding sales overseas.

Export growth has not just been due to structural changes within industry. In [redacted] as engineering there has also been [redacted] structural [redacted] European markets which is likely to underpin exports. The EC accounts for 55 per cent of engineering [redacted], up from 38 per cent in 1983.

Mr Ian Thompson, chief economist at the Engineering Employers Federation, [redacted] much more integrated with [redacted] so 'exporting' [redacted] become [redacted] more firmly established."

[redacted] rising [redacted] volumes should not be seen as [redacted] good news. Exports might keep factories working but they do not [redacted]ily make finance directors happy.

Perhaps the most striking example of an industry shifting from domestic to export markets is chemicals

British [redacted] only been able to export more – in spite of UK costs rising faster than elsewhere in Europe and [redacted] entry [redacted] exchange [redacted] mechanism – by accepting thin margins.

The [redacted] annual growth [redacted] British manufacturers' unit [redacted] costs remains twice as high as those of the European competition. High UK wage inflation is one reason for the rapid rise in unit costs, the [redacted] of producing [redacted] unit of output. The second is the fall in manufacturing productivity caused by the depth of the UK [redacted]. With sterling fixed in the ERM, this loss of export competitiveness cannot be offset by a devaluation. Consequently, profits are being squeezed. The government's [redacted] the relative profitability of export sales has fallen by 5 points in the past year to 98, its lowest level for seven years.

Were this to go on for long, exporting might fall out of fashion. But margins should begin to improve soon. The average level of pay settlements in Britain is now lower than in Germany, while the annual growth rate of average earnings in UK manufacturing is also falling. A combination of lower employment and rising output should also boost productivity over the coming months. As a result, the growth [redacted] of UK unit labour costs should fall rapidly, restoring some of the lost competitiveness.

Not all industrial sectors and companies have been able to join the export drive. Those industries where competitiveness did not improve so markedly in the 1980s such as mechanical engineering have just been more exposed.

More fundamentally exports alone tell only part of the story of international competitiveness. Competition with imports in the domestic market also counts. Mr Thompson at the EEF says: "We are in trade balance with the EC in engineering only because the British recession has cut engineering imports by 15 per cent. As soon as growth starts again we will slip into a deficit, because the problem in this country is not [redacted] export perfor[redacted] high propensity [redacted] import [redacted]ufacturing base in this country is still too small."

Perhaps the best measure of British industry's international competitiveness is its share of world trade in goods made by the main manufacturing economies. After declining throughout the 1960s and 1970s that share stabilised at about 8 per cent throughout the 1980s.

But it did not grow. Indeed it [redacted] coming under increasing pressure in [redacted] second half of the [redacted] as [redacted] [redacted]ufacturing unit costs [redacted] at 4 per cent a year over the past five years compared to 1.6 per cent in Germany and 1.2 per [redacted] in France.

That puts British exporters' recent performance in [redacted] light. [redacted] only partly been an opportunity for them to flaunt [redacted] international competitiveness. Com[redacted] membership, [redacted] recession has been [redacted] blunt but powerful [redacted] prevent them throwing [redacted] the [redacted] the early 1980s by falling into self congratulation and complacency in the early 1990s.

Uncertain road to recovery

Paul Cheeseright reports on one Midlands company's experience

I[redacted] relief from [redacted]sion is out of the q[redacted] for Glynwed International, [redacted] broad-based engineering group. Just as [redacted] recession [redacted] up on [redacted] group, so [redacted] likely to [redacted] The [redacted] uncertain signs of recovery have appeared. So too have the first indications that this recession, like those of the 1970s and 1980s, will set off far-reaching changes in the shape of the group.

More than any other engineering group, Glynwed has been forced to respond to each downward shift of the British economic cycle. Likewise it will benefit from any upward movement. With two-thirds of its sales in the domestic market it is a natural barometer of the engineering sector.

The mercury in the glass started to fall in August 1988. It could be five years before it registers "fine and dry".

Three years ago, sales of home improvement products such as sinks and showers started to drop. A year later consumer [redacted] and goods for the new housing market [redacted] caught in a downturn. Last year the market for engineering [redacted] fell away. Then it was the turn of the construction industry, taking Glynwed pipes and fittings. Only sales of plastic products held up. [redacted] the first quarter of this year, recession gripped Glynwed. And this was reflected in the 1991 first-half figures with pre-tax profits down to a quarter of the 1990 level.

But the [redacted] into recession seems to be the [redacted] one out. [redacted] of home improvement products have increased in the [redacted] three months. "The difficulty [redacted] knowing whether we've gained market share [redacted] whether the market is picking up," said Mr [redacted] Davies, Glynwed's chairman. Assuming there has [redacted] a pick-up, Mr Davies expects the products now [redacted] the bottom of the recessionary cycle – consumer durables, [redacted] housing products and engineering steels, in [redacted] order – to follow. Goods [redacted] the construction industry are different: recovery there could be five years [redacted]

[redacted] the time [redacted] sequence [redacted] concluded, different parts [redacted] the Glynwed business could have been in [redacted] for eight years. Creeping recession and creeping recovery create their own management problems. "When you have a widespread company, you can't give commands that you will all cut costs by 25 per cent," said Mr David Milne, the Glynwed finance director.

So coping with recession, trying to salvage the investment made during the 1980s, has been a matter of central control and local decision.

"Each unit has to allocate its resources so that it will get a 25 per cent cash return on assets," explained Mr Davies. How it is managing that allocation is reported, in detail, each month. Cash flow is king. Cash is monitored more closely than anything else. "We sit [redacted] it, [redacted] we get daily reports. If something is [redacted] astray, you know immediately," [redacted] Mr Davies.

Month by month then, the Glynwed group management in Birmingham is obtaining [redacted] which, starting from return on capital, expose the strengths and weaknesses of [redacted] its companies. "All [redacted] is shown up in [redacted] recession," noted Mr Davies.

Analysis [redacted] the return on capital, together with an examination of the market position of each product and the operating prospects in every country where the group has an interest [redacted] now pointing to substantial changes in [redacted] far what [redacted] emerged [redacted] that the company [redacted] more on plastic products at the expense [redacted] and give [redacted] stronger emphasis [redacted] making [redacted] for the infrastructure such as gas and water industries.

LETTERS

Bigger bureaucracies not needed to increase pollution monitoring

From Mr Michael Carney.

Sir, Why should an [redacted]ing need for inspection by [redacted] National Rivers Authority require increasing numbers [redacted] ("Watchdog criticised", August 21)?

Regulatory bodies can, for example, employ consultants and thus avoid all the disadvantages of permanent establishments. Better still, they can use the organisations they are inspecting to monitor themselves. This could [redacted] done in accordance with strict require[redacted] for collecting and analysing samples laid down by a regulatory body which would audit [redacted]-monitoring process. The Drinking Water Inspectorate has demonstrated how this can be done.

Equating independent monituring with permanently employed staff is a recipe both for inflated staff numbers and inadequate surveillance, because even increased numbers will never be enough. The Treasury will always argue down the need to fit the national budget.

Imagine the implications for the future if the [redacted] were to monitor the implementation of [redacted] by insisting [redacted] the employment [redacted] armies [redacted] EC inspectors? Effective [redacted]lation and environmental improvement require self-monitoring, subject to audit, not the creation of bureaucracies.

Michael Carney,
secretary,
Water Services Association,
1 Queen Anne's Gate,
London SW1 9BT

More to it than just words

From Ms Lynda Longbottom.

Sir, Re your diary piece ("Brum, brum", August 15) about Birmingham's search for a slogan. [redacted] should know that there is more to it than putting words next to each other. That's what journalists do.

Lynda Longbottom,
director of public affairs,
Birmingham City Council,
Victoria Square,
Birmingham

Insular view should not be taken of the market for British R&D

From Mr Gerald Avison.

Sir, Della Bradshaw reports (Technology, August [redacted]) the Science and Engineering Policy Studies Unit (Sepsu) [redacted]sion that Britain's R&D efforts are being dangerously diverted to overseas companies. This, of course, [redacted] not new; we have heard it many times before. It is, however, a dangerously narrow perspective. To [redacted]present the UK as a closed market for R&D, where British companies co-operate to fend off the predatory Europeans, US and [redacted] Eastern competition, is wrong. The market for innovation, and development-driven growth is international; distance and language are small barriers which can be overcome.

The 60 or so contract [redacted] organisations to which [redacted] report refers, and of which my company [redacted] doing what the rest of British industry should do – treating the world as [redacted] market and tracking the opportunities [redacted] ground.

While I would like to see my company working more for UK companies (last year over [redacted] per [redacted] of our business was [redacted] the UK) I regard it [redacted] more important that we stay [redacted] the forefront of technological development and if this means selling our expertise to American, German or Japanese companies, so be it.

The root issue here is surely the use [redacted] development as a business weapon by British industry. One might, for example, [redacted] what proportion of the development work done in the US or Germany [redacted] Japan is being exploited by [redacted]panies.

It [redacted] regrettable fact that [redacted] are still [redacted] island race in many more ways than just our view of R&D. We have for the last [redacted] been standing on the sidelines watching immense changes taking place in eastern Europe. [redacted] Britain need to change our attitude to investment in R&D just as eastern Europe has accepted the need to change to a market economy.

Gerald Avison,
managing director,
The Technology Partnership,
Melbourn Science Park,
Cambridge Road,
Melbourn,
Hertfordshire

Problem of title

[redacted] R W Mellor.

Sir, The letter from Dr Evans (August 21) on the titles of an engineer neatly [redacted] problem. You [redacted] him with neither of his professional qualifications, yet you credit him with his [redacted] the FT acknowledge professional qualifications only if the letters appear before a name [redacted] is it simply an example of confusion caused by too many [redacted]ignatory letters?

The need for unification and [redacted] identity [redacted] never [redacted] greater.

R W Mellor,
secretary,
Institution of Mechanical Engineers,
1 Birdcage Walk, London SW1

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

US aerospace industry is a big beneficiary of Airbus expansion

From Mr Michael Donne.

Sir, In defence of Airbus, and in [redacted] Mr John [redacted]nell's [redacted] (Personal View, August 7) concerning alleged "unfair" competition in world airliner markets, the situation is more favourable to the US [redacted] might [redacted] sight appear to be the case.

Of the several billion dollars already earned by Airbus Industrie from the delivery of over 7,000 Airbuses of various types, a substantial percentage has accrued directly to the US aerospace industry itself. This arises mainly from the provi[redacted] of aero-engines by General Electric [redacted] the [redacted] and [redacted] & Whitney (United Technolo[redacted] directly for the Airbus A-300s and A-310s or through their participation in international consortia manufacturing engines for the Airbus A-320 (through CFM International, comprising General Electric of the US and Snecma of France, and International Aero Engines in which Pratt & Whitney has [redacted] per [redacted]

[redacted] addition, [redacted] value of [redacted] items, such [redacted] avionics equipment and [redacted] be taken [redacted]

Moreover, with about 1,000 more [redacted] all types on order but still [redacted] be delivered, the US [redacted] industry is clearly [redacted] through the [redacted] from Airbus Industrie's marketing [redacted] date.

Beyond that, in [redacted] forecasts, Airbus Industrie pre[redacted] some 11,500 new jet airliners of all types, worth $700bn (in 1990 values) over the next 20 years, to meet both air travel growth and the replacement of ageing fleets.

Whatever share of that vast market Airbus [redacted] win through [redacted] competitive flair, [redacted] US [redacted] industry [redacted] expect much business from every Airbus sold.

Surely such [redacted] should not be overlooked, [redacted] bitter the competitive battles for orders may be.

Michael Donne,
Tresco,
Blackheath,
Guildford, Surrey [redacted] 8QU

FINANCIAL TIMES
Tuesday August 27 1991

Community leaders meet today to discuss what steps to take against federal army

Fresh offensive launched in Croatia

By **Laura Silber** in Belgrade, **David Gardner** in Brussels, and **David Goodhart** in Bonn

YUGOSLAVIA'S federal army yesterday launched [illegible] fresh offensive in Croatia, [illegible] Euro[illegible] *Community leaders and* the German government prepared to consider what steps to [illegible] in curbing the actions of the army and the Serbian republic.

Fierce [illegible] continued in Slavonia, [illegible] Croatia, [illegible] Serbian insurgents and the federal army launched aerial [illegible] mortar attacks on the key [illegible] Vukovar, Vinkovci and Borovo in Slavonia.

Radio Vukovar appealed [illegible] the town's [illegible] people to take refuge in air raid shelters. The local hospital [illegible] evacuated [illegible] grenades showered [illegible] city [illegible] the [illegible] of the Danube.

Croatian radio [illegible] several people [illegible] been killed, but [illegible] could not [illegible] confirmed after [illegible] town [illegible] telephone [illegible] cut.

Mr Milan Brezak, deputy interior minister of Croatia, [illegible] Croatian security forces would "fight back with all means".

[illegible] said [illegible] members of Croatia's security forces and 40 civilians had been killed since [illegible] ceasefire [illegible] ordered [illegible] August 7.

Fighting [illegible] *also reported* between Croat security [illegible] and the Yugoslav army in Kijevo, [illegible] Croatian enclave in [illegible] mainly Serbian region of Krajina, in south-west Croatia, and in Sinj, [illegible] kilometres north-east of [illegible] Adriatic port city of Split.

EC negotiators, whose foreign ministers meet today [illegible] *discuss the Soviet Union and* Yugoslavia, say they are [illegible]perated that attempts [illegible] deal *even-handedly in the Yugoslav* ethnic conflict [illegible] deterring the Serb-dominated federal army from joining [illegible] militias [illegible] Croatia [illegible] the Greater Serbia sought by [illegible] Slobodan Milosevic, the Serbian president.

"There is widespread con[illegible] that [illegible] strategy of [illegible] *fait accompli* has [illegible] stopped. The question is how [illegible] that," Mr Karel Van Miert, EC *commissioner, said yesterday.*

EC fears that recognising [illegible] would [illegible] a chain [illegible] throughout central Europe [illegible] Union have [illegible] partly superseded [illegible] that the Soviet Union [illegible] to [illegible] breaking up anyway.

The Community's second concern – not to endorse statehood achieved by [illegible] other than negotiation – could *also* [illegible] *met if recognition* [illegible] [illegible] ahead.

[illegible] could [illegible] presented [illegible] resisting [illegible] attempts to [illegible] out of Croatia by military [illegible].

Mr Hans-Dietrich Genscher, German foreign minister, warned at [illegible] weekend [illegible] would recognise [illegible] secessionist republics unless Belgrade stopped its military advance [illegible] began negotiations.

Any recognition of [illegible] *Croatia, which declared* [illegible] independence on June [illegible] spell [illegible] end of [illegible] federation.

[illegible] army's offensive coin[illegible] an ultimatum from Mr Franjo Tudjman, the presi[illegible] of Croatia, who threatened last week to declare all-out war if the Yugoslav [illegible] did not withdraw to bar*racks by August 31.*

Hostile fire: a Croatian [illegible] surrounded yesterday [illegible] Vukovar [illegible] forces

Baltic states join Nordic family

Robert Taylor finds the people of Riga looking west to Scandinavia

ENTHUSIASTIC Latvians were not alone [illegible] the streets of Riga this weekend in celebrating independence and commemorating the [illegible] anniversary of the infamous Soviet-German pact that led [illegible] their annexation by the Soviet Union.

Alongside the flags of the three Baltic [illegible] and the red, white and blue of Russia, the *flags of Sweden, Finland and* Denmark flew in an impressive display of Nordic solidarity with the Baltic [illegible].

"The Baltic states [illegible] our brothers and sisters," said Mr Richard Baerug, [illegible] Norwegian who is opening [illegible] office of the Nordic Council – [illegible] umbrella body that [illegible] all the Scandinavian countries – in Riga next week.

"We feel close [illegible] them", said [illegible] young Finn. "If we had not *fought hard against the Soviets* [illegible] would have suffered like they did."

The Scandinavian governments have taken the lead in extending diplomatic recognition the three Baltic states [illegible] past two days.

Iceland [illegible] the [illegible] at the weekend when it recognised the Baltics' independence, followed quickly by Norway and Denmark. [illegible] will [illegible] same today.

"The legal grounds for recognition [illegible] now clear," said [illegible] Andersson, Sweden's foreign minister. "They have control over their [illegible] territories."

Even ultra-cautious Finland has [illegible] into line. Yesterday, the Finnish government's foreign [illegible] committee said it [illegible] "prepared [illegible] start negotiations about [illegible] establishment of diplomatic relations with the [illegible] countries." Mr Esko Aho, [illegible] *Finnish prime minis*ter, pointed out that Finland's recognition of Baltic independence, granted in the 1920s, [illegible] still in force.

In taking their historic step, the Nordic governments [illegible] underlining their belief that Estonia, Latvia and Lithuania are an integral part of their region. Indeed, both Mr Arnold Ruutel, *Estonia's president*, and Mr Anatolij Gorbunov, the Latvian president, attended the spring *session of the Nordic* Council in Copenhagen despite protests from Moscow.

Mr Ulle Ellemann-Jensen, the Danish foreign minister and a firm, long-time champion of national self-determination for the [illegible] states, said yesterday that his country would be [illegible] to [illegible] there.

Mr [illegible] Borch, the veteran Danish diplomat, yesterday flew [illegible] *Latvia* to become the first diplomatic representative to the Baltics since their annexation. Foreign ministry officials in Denmark [illegible] he was carrying not a Soviet but a Latvian visa – the first issued in [illegible] years.

Mr Ellemann-Jensen [illegible] hoped the [illegible] states would "become Nordic council mem[illegible] *soon* [illegible] *possible*" [illegible] pointed out there [illegible] already co-operation with them on environmental issues, especially over joint projects to clean up the polluted [illegible].

Denmark [illegible] particularly forthright in its backing for the Baltic states, with [illegible] highly active cultural [illegible] in *Riga over the past nine* months.

Many politicians [illegible] welcome [illegible] positive attitude from their Nordic neighbours. Relations in [illegible] past have [illegible] always been easy.

Sweden recognised Stalin's annexation of the Baltics in 1941 and in [illegible] forcibly repatriated [illegible] who fled [illegible] *Swe*den [illegible] path of the Red *army.* [illegible] *the Swedes have* [illegible] amends for [illegible] over the past year. Latvia [illegible] run [illegible] Stockholm since [illegible] beginning of the year [illegible] cross-Baltic contacts at all levels have grown rapidly in recent months.

Some Latvian government officials [illegible] they would like to *forge close ties with* [illegible] Nordics because they [illegible] to [illegible] their small country *become dependent on the good*will of [illegible] large power [illegible] the region, such as Russia or, potentially, Germany.

[illegible] of turning their coun[illegible] into social market economies like those in the Nordic region. A forthcoming [illegible]nomic survey of [illegible] region, prepared under the aus*pices* [illegible] *Swedish ministry* of foreign affairs, [illegible] "There *is a widespread desire to achieve a transformation in* the Baltic [illegible] a society [illegible] economy similar [illegible] of [illegible] economies of Scandinavia; Finland [illegible] Sweden are [illegible] as particular models."

Observer, Page [illegible]
Editorial comment, [illegible] 10
[illegible] 2 [illegible] 3

China faces US deadline on trade protection

By Nancy Dunne in Washington

[illegible] US *administration* has given Beijing until September 30 to provide "binding commitments" leading to reduced protectionism [illegible] Chinese market.

The deadline was [illegible] Chinese negotiators failed in [illegible] week *to satisfy* [illegible] for improved access to [illegible] Chinese market.

[illegible] George [illegible] had promised a [illegible] of US [illegible]tors that he would take strong [illegible] – which could involve an immediate formal investigation [illegible] China's [illegible] policies – [illegible] failed to produce "substantial progress". That pledge won him enough support to hold off [illegible] crusade in Congress to impose conditions on China's Most Favoured [illegible] trading status.

The administration [illegible] to [illegible] gambling [illegible] deadline [illegible] Mr Bush's prestige in foreign policy matters will keep his supporters in [illegible] prevent his having [illegible] use [illegible] veto.

[illegible] fight will probably [illegible] September, although it can [illegible] delayed while Congress weighs [illegible] Bush ultimately takes against Chinese *protectionism.*

A senior US trade [illegible] said China's delegation [illegible] come to Washington for [illegible] week's talks offering "vague generalities" and saying it [illegible] no mandate to [illegible] further.

[illegible] US [illegible] seeking specific measures from Beijing to increase market [illegible] in a [illegible] regime which [illegible] increasingly [illegible] to imports. Washington [illegible] lower tariffs, clearer trade rules, [illegible] reduction in licensing require[illegible] improvements in "discriminatory" standards *and testing rules.*

[illegible] fails to meet [illegible] September [illegible] deadline, the US [illegible] *representative* [illegible] *initi*ate [illegible] 301 complaint. [illegible] would begin a year of investigation and consultation [illegible] lay [illegible] legal groundwork for US sanctions [illegible] exports to [illegible] US.

Separately, [illegible] also begun a "special 301" action giving [illegible] until [illegible] *improve its protection of* intellectual property rights. That deadline can be extended by three months, after which sanctions must be imposed if no agreement is reached.

Hungary to seek bids for toll road

[illegible] **Andrew Taylor**, Construction Correspondent, in London

INTERNATIONAL companies will be invited next month by the Hungarian government [illegible] submit preliminary bids to build and operate [illegible] first privately-financed toll motorway in a former [illegible] country.

The road, which will connect Budapest, the Hungarian capital, to the Austrian and Czechoslovak borders, [illegible] expec[illegible] to cost Forints 11.8bn ($150m) [illegible] build – rising [illegible] more than $300m [illegible] allowing [illegible] interest charges and inflation.

Italstat, Italy and Europe's *biggest toll road operator,* [illegible] Transroute, which represents [illegible] number of French toll road companies which have been advising the Hungarian government, [illegible] expected to be among the bidders for the motorway concession likely to run for [illegible] 20 [illegible] 50 years.

Bechtel, the US engineering group, has also been advising *the Hungarian Ministry of* Transport Communication and Management [illegible] 120bn ($1.5bn) motorway expansion programme. More [illegible] 500km of mostly privately-financed toll motorways [illegible] planned to [illegible] completed by [illegible] year 2000.

Hungarian plans [illegible] encour[illegible] private investment in motorways [illegible] followed by other eastern European countries lacking the money [illegible] *improve road networks* [illegible] their own.

The first Hungarian toll motorway will [illegible] This [illegible] a two-lane dual [illegible]riageway which runs for 106km along [illegible] line [illegible] E60 and [illegible] roads north-west from Budapest [illegible] Gyor.

The concession [illegible] finance, build [illegible] operate [illegible] remaining [illegible] to [illegible] Austrian border and [illegible] 15km spur to Bratislava on [illegible] *Czech border* [illegible] due to [illegible] advertised next month [illegible] official journal [illegible] European Commission.

The Transport Ministry hopes that some of the finance [illegible] provided by [illegible] newly formed European [illegible] of Reconstruction and Development and [illegible] European Investment Bank. [illegible] may [illegible] in the operat[illegible] and [illegible] provide financial assistance [illegible] restrict the [illegible] of toll charges on [illegible] companies.

The identity [illegible] operator [illegible] expected [illegible] announced by [illegible] autumn. The road will [illegible] about three years [illegible] com*plete.*

Other motorways proposed [illegible] financed privately *include* [illegible] *M5* [illegible] will travel south and south[illegible] towards [illegible] borders [illegible] Yugoslavia [illegible] which will [illegible] up the eastern regions of Hungary [illegible] Soviet Union.

The roads [illegible] expected to form part [illegible] an [illegible] motorway network linking Yugoslavia, Italy, [illegible] and *Turkey* [illegible] *southern Europe* through [illegible] former eastern bloc countries of Hungary, Romania, Bulgaria [illegible] Romania north [illegible] Poland and eastwards to the Soviet Union.

Source: Ministry of Transport, Communications and Water Management

A lesson for fund managers

It [illegible] easy to forget that a mere [illegible] or [illegible] portfolio investment [illegible] still [illegible] politically controversial busi[illegible]. Today, when [illegible] pension fund [illegible] 20 [illegible] assets [illegible] against 6 [illegible] in 1980, [illegible] an eyebrow. Perhaps they should. [illegible] politics [illegible] *spark precious little* party antagonism, the economics deserve a second glance. It [illegible] UK fund [illegible] deriving much [illegible] from being [illegible] world's most internationally minded equity [illegible].

[illegible] proponents of mod[illegible] portfolio theory – [illegible] is actually so long in the tooth it deserves to [illegible] redubbed ancient portfolio theory – would [illegible] assertion. For them, [illegible] merit [illegible] axiomatic; [illegible] there [illegible] anything [illegible] with [illegible] institutional investors' perfor[illegible] it [illegible] likely [illegible] from under-investment [illegible] round. Such [illegible] usually formulate [illegible] argument by stating [illegible] foreign [illegible] in [illegible] diversified portfolio increase [illegible] return for any given degree of risk.

[illegible] managers [illegible] put [illegible] *pragmatic* form. Their [illegible] is with matching [illegible] with [illegible] there [illegible] clearly plenty of [illegible] outside [illegible] UK [illegible] help them, including [illegible] such [illegible] semiconduc[illegible] or minerals [illegible] the UK [illegible] deficient. Since [illegible] efficiency of international capi[illegible] markets [illegible] been increas*ing in the technical sense* [illegible] investment returns [illegible] tending, over time, to equalise, [illegible] prices already discount different economic growth rates and cycles. So nobody necessarily expects to extract higher returns by investing in higher-growth economies.

But in[illegible] are still imperfectly correlated [illegible] *ferent markets. So it* [illegible] *possible* to hedge against one of [illegible] more worrying [illegible] pen[illegible] fund [illegible] have to shoulder: the impact [illegible] domestic equities of [illegible] in [illegible] share of profits in gross national product relative [illegible] the wages on which pension obligations [illegible] based. To do [illegible] the fund has to take on [illegible] *increased risk of another kind* – adverse currency [illegible]ments. Yet these [illegible] be hedged in [illegible] short term. Over [illegible] are anyway supposed to obey the laws of purchasing [illegible] parities, which means that the fluctuations should [illegible] out in the end.

The trouble [illegible] that the prac[illegible] odd results. For [illegible] start, no [illegible] fund man[illegible] could [illegible] rely on [illegible] purchasing power parity theory [illegible] risk. The [illegible] have, [illegible] past, shown [illegible] persistent [illegible] structural [illegible]ciation, while sterling [illegible] shown an equal and opposite [illegible] in [illegible] other [illegible]. The trend [illegible] subject [illegible] interruptions and could [illegible] way be terminated by structural changes in [illegible] underlying economies. Misalignments can persist [illegible] long periods. *Few international fund* [illegible] accurately judged just how long the extraordinary levitation of the *dollar would last* in [illegible] first half [illegible] 1980s.

JOHN PLENDER

Few international fund managers accurately judged just how long [illegible] levitation of the dollar would last in [illegible]

As for investment performance [illegible] in [illegible] currency terms, many [illegible] handful of UK fund [illegible]ers [illegible] bravely [illegible] not to invest overseas in the 1980s [illegible] *to* [illegible] than rivals who bought the argu[illegible] diversification. If you look [illegible] UK [illegible] market's performance relative to the US in much of that period, the claim is not implausible.

The explana[illegible] for the better total returns earned by those fund [illegible] in [illegible] UK [illegible] no doubt many [illegible] various. *[illegible] one obvious broad* economic explanation could be [illegible] profit [illegible] in [illegible] substantially in [illegible] words [illegible] lifting [illegible] exchange controls in 1979 encouraged fund managers to hedge against the risk of [illegible] declining profit [illegible] precisely [illegible] was on the point of recovery.

They are now tempted [illegible] on hedging, on [illegible] *the recovery in profit share* was a one-off product of the Thatcher [illegible]. Yet [illegible] profit share remains low by the standards of the rest [illegible] the developed world. There [illegible] be [illegible] chance it will [illegible] further in [illegible] 1990s, with a [illegible] impact on UK equities. Interestingly, fund managers whose portfolios have a heavy international weighting [illegible] inclined nowadays [illegible] articulate [illegible] for *diversification in* [illegible] reduced risk rather than increased reward.

It remains open [illegible] question whether [illegible] risk could [illegible] at lower [illegible] ultimate [illegible]. For the evidence from the WM Company's performance measurement surveys suggests that in [illegible] UK fund [illegible] *significantly underperformed* against [illegible] stock [illegible] and [illegible] was [illegible] greater than in [illegible] UK market. The shortfall [illegible] big [illegible] explained by higher transaction costs overseas.

Equally striking [illegible] the way activity and [illegible] British pension [illegible] in [illegible] securities increased over [illegible]. That suggests that fund [illegible]agers [illegible] chiefly preoccupied in their [illegible] strategies – if [illegible] flattering [illegible] description – with short-term profit maximisation. It suggests [illegible] they [illegible] not very good [illegible] it. Another conclusion [illegible] that fund [illegible] victims *of what economists politely* call information and agency problems. They [illegible] being *ripped* [illegible] *by intermediaries.*

[illegible] high time the trustees [illegible] a few probing questions about [illegible] activity. They might [illegible] consider encouraging the aca[illegible] spend less time [illegible] fancy portfolio [illegible] *on seeking to establish* how [illegible] benefits of [illegible] are outweighed by [illegible] agency disadvantages.

In the light of all this, what [illegible] among fund managers to encourage businessmen [illegible] about international diversification to inves*tors? Clearly* [illegible] *fund* [illegible]ers and businessmen [illegible] wrong [illegible]. But [illegible] busi[illegible] mistakes usually come from over-ambition and inexperience, [illegible] seem to [illegible] up [illegible] learning curve. Fund [illegible] have yet [illegible] demonstrate that they can [illegible] the same.

WORLDWIDE WEATHER

Today: Many inland areas of southern and central England will start rather misty with fog patches. Most of these will disappear soon after dawn and [illegible]ll England and Wales will be [illegible]ry and sunny. Border counties of Scotland will be cloudier with outbreaks of light rain. It will become drier and warmer in the afternoon.

		°C	°F			°C	°F			°C	°F			°C	°F
[illegible]	S	30	86	Bordeaux	S	35	95	Dallas †	[illegible]	21	70	Innsbruck	F	24	75
[illegible]	F	35	95	Boulogne	[illegible]	24	75	Dublin	C	21	70	Inverness	F	20	68
Amsterdam	C	19	66	Bristol	F	[illegible]	73	Dubrovnik	S	28	82	Isle of Man	C	19	66
Athens	S	30	86	Brussels	[illegible]	23	73	Edinburgh	F	20	68	Istanbul	F	[illegible]	81
Bahrain	-	-	-	Buenos Aires	-	-	-	[illegible]	[illegible]	[illegible]	77	Jersey	S	23	73
Barcelona	S	27	81	Budapest	F	25	77	Florence	[illegible]	32	90	Johannesburg	-	-	-
[illegible]	C	19	66	Cairo	-	-	-	Frankfurt	S	24	75	Las Palmas	F	27	81
Belgrade	F	23	73	Cape Town	-	-	-	Geneva	S	27	81	Leeds	C	21	70
Berlin	F	[illegible]	[illegible]	[illegible]	S	23	73	Gibraltar	S	19	66	Lisbon	F	23	73
[illegible]	S	34	93	Chicago †	S	19	66	Glasgow	C	17	63	Locarno	F	29	84
Birmingham	S	23	73	Cologne	S	24	75	[illegible]	S	21	70	London	F	[illegible]	73
[illegible]	C	18	64	Copenhagen	F	18	64	[illegible]	S	22	72	Los Angeles †	C	19	66
Bombay	-	-	-	[illegible]	[illegible]	29	84	Hong Kong	-	-	-	Luxembourg	S	24	75

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	26	79	Nairobi	F	23	73	Prague	F	18	[illegible]	Tangier	F	27	81
Madrid	S	32	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	C	[illegible]	[illegible]
Majorca	S	31	88	[illegible]	-	-	-	Rhodes	[illegible]	27	81	Tenerife	S	25	77
Malaga	[illegible]	27	[illegible]	[illegible]	F	21	70	Rio de Janeiro	-	-	-	Tokyo	S	31	88
Malta	[illegible]	[illegible]	[illegible]	[illegible]	R	24	75	[illegible]	S	28	84	Toronto †	S	20	68
Manchester	[illegible]	18	64	New York †	C	18	65	Salzburg	S	24	75	Tunis	S	35	95
Melbourne	-	-	-	Nice	S	28	82	S'Francisco †	C	13	55	Valencia	S	30	86
Mexico City	-	-	-	[illegible]	S	[illegible]	86	Santiago	-	-	-	Venice	S	28	82
Miami †	[illegible]	[illegible]	[illegible]	[illegible]	R	[illegible]	73	Seoul	S	30	86	Vienna	S	23	73
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F	31	[illegible]	Warsaw	C	16	61
Montreal †	[illegible]	20	68	Paris	S	[illegible]	[illegible]	[illegible]	F	19	[illegible]	Washington †	S	21	70
Moscow	[illegible]	16	61	Peking	S	29	[illegible]	[illegible]	S	26	79	Wellington	F	8	46
Munich	[illegible]	[illegible]	75	Perth	F	16	61	Sydney	S	17	63	Zurich	S	24	75

Temperatures at midday yesterday. † Noon GMT temperatures. C–Cloudy [illegible] F–Fair Fg–Fog [illegible] S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday August 27 1991

INSIDE

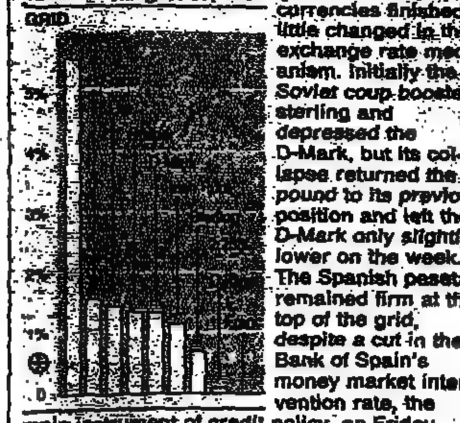
Nordbanken takes control of Nobel

Nordbanken, the state-controlled Swedish bank, yesterday took control of Nobel Industries, the chemicals and defence concern, and other holdings owned by Mr Erik Penser, the Swedish financier, to rescue the group from financial collapse. Page 15

European Monetary System

EMS August 23, 1991

GRID



After a hectic week, currencies finished little changed in the exchange rate mechanism. Initially the Soviet coup boosted sterling and depressed the D-Mark, but its collapse returned the pound to its previous position and left the D-Mark only slightly lower on the week. The Spanish peseta remained firm at the top of the grid, despite a cut in the Bank of Spain's money market intervention rate, the main instrument of credit policy, on Friday. Currencies, Page 25

The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
BASF	242.5	+	3.1	Ciments Franc	317	+	11.5
Bayer	277.7	+	2.1	Electrolux	48.5	+	1.2
Hoechst	245.4	+	3.1	Gen Des Eaux	2457	+	66
[illegible]	122.5	+	2	Michelin	117.5	+	1.1
Viag	388.5	+	3.5	Peugeot	633	+	9
Falls				Saint-Gobain	469.9	+	3.7
Porsche	755	−	[redacted]	TOKYO (Yen)			
NEW YORK ($)				Rises			
Rises				[redacted] Corel	1178	+	[redacted]
A & P	39½	+	3¼	Falls			
IBM	95⅛	+	¾	Daito Wool	656	−	74
Owens-Corning	[redacted]	+	1	Minolta Cam	522	−	46
Salomon Bros	25⅝	+	1⅞	Mitsumura Pr	1100	−	100
Toys R Us	34⅛	+	1⅛	Showa Mfg	486	−	45
Falls				Suzuki Motor	591	−	54
Trinova	44⅜	−	2⅛				

New York prices as at 12.30.

Lloyd's set for row over pay levels

By Andrew Bolger in London

LLOYD'S, the London insurance market, will be the scene of further controversy this week with the first publication of top underwriters' salaries, a move designed to make the market more open.

More than 150 underwriters earned salaries in excess of £100,000 ($167,000) in 1988, the last period for which official figures were available, according to Chatset, the Lloyd's analysis group.

Although many insurance syndicates were profitable that year, the overall market lost £510m, as a result of the Piper Alpha disaster and asbestos claims from the US.

The best-paid underwriter, Mr Alec Sharp, earned a salary of £481,000 from syndicate 839, which made a profit of £9m in 1988.

Mr Terence Green received a salary of £353,000 for underwriting syndicate 321, which Chatset said made a loss of £2.8m in 1988.

Names, the wealthy individuals whose capital backs underwriting on the insurance market, are likely to be most infuriated by the high levels of salaries paid by syndicates which have subsequently plunged into deep losses.

Mr Derek Walker earned £300,000 for underwriting syndicate 290, which made profits of just over £10m. However, that syndicate, managed by Gooda Walker, now faces an uncertain future after having made cash calls to members of £53.5m in 1989 and £22.8m in 1990. It is currently the subject of an independent review by Lloyd's.

The decision to publish the salaries was taken in July by Mr David Coleridge, the new chairman of Lloyd's. The figures do not include underwriters' share of fees and commission that they earn from their share in the agencies which oversee the syndicates.

The figures come at a crucial time [redacted] Names have until Saturday [redacted] to state whether or not [redacted] want to leave the market, in which many have suffered heavy losses, or to continue in 1992.

Latest market estimates suggest that between 3,000 and 5,000 [redacted] resign by this month, and hundreds [redacted] fail a solvency test. The number of Names peaked at more than 32,000 in 1988 and currently stands at just over 26,000.

The number of syndicates is also expected to fall from this year's level of 354 to about 250, as loss-makers close or are forced to merge. The capital base of the market is expected to contract from its present £11.4bn to between £9bn-£10bn.

Nikki Tait looks at options for the enormously-profitable Philip Morris

Rich and hungry for growth

Next [redacted] the [redacted] Day weekend, Michael Miles will walk into the top job at Philip Morris, the US tobacco and food group whose brands range from Marlboro cigarettes to Dairylea cheese.

Mr Hamish Maxwell, who has chaired the world's largest producer of consumer packaged goods for the past seven years, is retiring at the age of 65.

Mr Miles, in his early fifties, was named as heir apparent last March.

But the new non-smoking chairman – who joined Philip Morris three years ago when it took over the Kraft food group, where he was chief executive – will also walk into a wave of rumour and counter-rumour on Wall Street.

Yet again, this [redacted] Philip Morris's acquisition intentions.

Last week, [redacted] example, shares in Heinz, [redacted] Pittsburg-based food manufacturer, spurted upwards [redacted] speculation [redacted] a bidder was waiting to pounce.

Philip Morris' name was the first to be mentioned. Conjecture has not been confined to the US: similar flurries have run round the UK food manufacturing sector all summer.

Philip [redacted] itself put down [redacted] a long time [redacted], steadfastly declining to comment on takeover gossip.

Mr Miles, moreover, is currently shunning interviews.

In sharp contrast with his willingness to meet the press when his appoin[redacted] to succeed Mr [redacted]ll was announced, his office [redacted] pleads [redacted] work.

But such silence does nothing [redacted] halt [redacted] rumour-mill – [redacted]tion which is fairly understandable, given the dynamics [redacted] stated policy goals of the group.

For a start, there [redacted] Phil[redacted] Morris's capacity for throwing off large amounts of surplus cash.

The US tobacco market may be in slow, inexorable decline, but it is still enormously profitable.

Analysts are virtually unanimous in predicting that the company will generate excess cash flow of around $18bn-$20bn between 1991 and 1995.

Although a share buy-back programme has been reinstated and capital expenditures are reckoned to total a not-insignificant $9bn in the 1991-1995 period, the US group still has chunky sums to deploy.

The sheer profitability of Philip Morris also means that debt resulting from earlier acquisitions is being paid down rapidly. The debt-to-equity ratio stood at 1.72:1 at end-December 1989; fell to 1.57 a [redacted] later; and by the [redacted] June this year, had reached 1.29. The ratio was a little over 1:1 at end-1987, the year before Philip Morris launched its [redacted] bid for Kraft. [redacted], analysts [redacted] no doubt [redacted] the group is still intent on building a strong "second leg" to the business, which will help offset tobacco's do[redacted] and [redacted] the group less exposed to a long-term decline in this industry's fortunes.

Mr Maxwell began the move into [redacted]" in [redacted] mid-1960s, but one problem is that the sheer profitability of the tobacco side means this [redacted] reassert itself. The operating margin [redacted] the domestic tobacco operations, [redacted] example, [redacted] around 40 per cent last year.

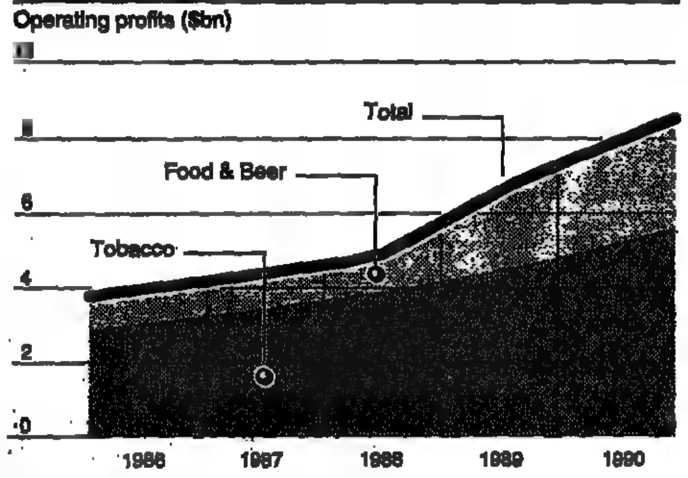
That trend has been given further impetus recently by the fact that, while unit volumes in the US [redacted] are declining [redacted] at around 2.5 per cent a year, the industry has been pushing through domestic price increases well in excess of inflation.

International [redacted] have also fared well.

Michael [redacted] will walk into [redacted] of rumour

Philip Morris

Operating profits ($bn)



In Philip Morris's [redacted], analysts reckon that annual international volume growth is running at around 20 per cent, and one pundit suggests that overall profits on this front could increase by [redacted] in 1991, and beyond.

In short, the food side has to run [redacted] keep up.

Nevertheless, while every analyst on Wall [redacted] probably agrees that the mixture [redacted] surplus cash and future ambitions implies [redacted]ing in the future, there is [redacted] good deal of scepticism about some of the potential target [redacted] which [redacted] being picked out of the hat.

[redacted] Mr Marc Cohen, analyst [redacted] Sanford Bernstein, puts it: "We expect Philip Morris to be making more acquisitions, but the scope and geographical spread is very fluid. What I've found is that reports of imminent moves are [redacted] well [redacted] out".

T[redacted] rumour, in particular, has some [redacted] riled.

The point is made that such [redacted] deal [redacted] probably [redacted] highly dilutive for earnings; that Heinz takes in sizeable interests in pet[redacted] tuna [redacted], which would not be the most appealing of areas for Philip Morris; and that [redacted] Pittsburgh-based company's overseas exposure is heavily weighted towards the UK, and in fairly slow-growing segments like [redacted].

Heinz, [redacted] common stock alone is worth more than $11bn has denied any talks.

Instead, there is now [redacted] sizeable [redacted] thought which believes that Philip M[redacted] likely to repeat a Jacobs-Suchard style deal.

The Swiss coffee and confectionary company was taken over by the US group in mid-1990 for $3.8bn.

Although the purchase was a chunky sum by anyone's reckoning, it pales besides the earlier Kraft deal, and – allowing for inflation – the General Foods purchase, which cost $5.8bn in 1985.

"Philip Morris will be making acquisitions – that's a given fact," comments Mr Roy Burry at Kidder Peabody, for example.

"But they'll be medium-sized, [redacted] $4bn [redacted], and probably in Europe or the Pacific Rim." Rumoured companies like Quaker [redacted], Borden [redacted] indeed, Heinz, he suggests, are just "[redacted] big – [redacted] stretch right now".

As for Mr Miles himself, [redacted] in more forthcoming times he was careful to leave all Philip Morris's options open.

Growth, he said when his appointment was announced, would [redacted] "internally [redacted] externally", adding only [redacted] he would "like the opportunity to be opportunistic".

Banamex sale raises $3.2bn

By Damian F[redacted]

THE MEXICAN government has sold 70.7 per cent of the equity in Banco Nacional de Mexico (Banamex), the country's [redacted] bank for $3.2bn.

A group of [redacted] investors headed by Mr Roberto Hernandez and Mr [redacted] Harp Helu who are also senior executives of Accival, the stock broking and fund management firm, [redacted] acquired 50.7 per cent of [redacted] bank for [redacted].

This the seventh of [redacted] banks which the Government [redacted] selling. The sale is part of the final stages of the government's privatisation programme and is the second biggest sale after Telmex, the telephone monopoly.

The sale was through an auction. A group consisting of 47 of the country's wealthiest families, headed [redacted] Mr [redacted] Gomez y Gomez, placed [redacted] only rival bid of $2.1bn.

The remaining [redacted] per cent will be offered to the regional board members of Banamex at [redacted] aution price. Mr Hernandez has agreed to buy the shares not purchased [redacted] the board members within 28 [redacted].

The remaining 29.3 per cent of Banamex [redacted] in private hands since 1987 and more than half of these shares are already controlled by Mr Hernandez and his investors. Mr Hernandez and his investor group will thus own, along with the regional board members, roughly 90 per cent [redacted] Banamex.

Mr [redacted] plans to [redacted] a new holding company, comprising Banmaex [redacted] Accival. Combined, it will play [redacted] dominant role in the Mexican financial sector.

The bank has [redacted] 79bn pesos ($25.9bn), and last year returned a profit [redacted] 1bn [redacted]. Accival is Mexico[redacted] most successful brokerage [redacted] decade, and has [redacted] market capitalization of about $300m.

[redacted] Mr Justin Manson, of CS First Boston, the principal foreign advisers to the Mexican government on the bank privatisations, describes the syn[redacted] Banamex and Acival [redacted]gnificant" – mainly, he says, because Banamex [redacted] almost everything [redacted]val does, and is over ten times larger.

Mr Hernandez said the group plans to make an international offering for 19 per cent of the new group in the near future.

By mid next year the Mexican government [redacted] have sold all 18 formerly state-owned banks. If all [redacted] over 2.5 times book value, the privatisations could raise $10bn.

Economic Notebook

Mr Lamont set to kill off the recession

MR NORMAN LAMONT, the UK chancellor of the exchequer, reports back to work this week from his holidays with two dates ringed in his diary.

The first is October 10, when he is to give a rousing speech to the Conservative party conference to the effect that the economy is emerging from recession and is set for a sustained upturn next year – which is when the election looks likely.

The other date [redacted] November 19, when the government's Central Statistical [redacted] provide preliminary estimates of the UK's total output in the third quarter of 1991.

There is [redacted] good chance that the data will [redacted] slight upturn between the second and third three-monthly periods – because Britain's oil production looks like rising significantly between May and September due to an end to North Sea maintenance work. Since this would bring to an end the sequence of four consecutive quarters of falling output, the recession would then be technically at an end – as the world would promptly be informed on [redacted] TV news later that day.

If Mr Lamont had it in his [redacted] would undoubtedly swap around the two dates, to offer the possibility of a further discussion of this extremely good piece of news, when he addresses the Tory [redacted].

But the CSO has enough trouble providing timely information about even a relatively small part of the economy such as retailing (of which more [redacted] in this column). [redacted] is extremely unlikely [redacted] come up with data about third-quarter output 10 days after the quar[redacted] just to fit in with Mr Lamont[redacted] political timetable.

The economic indicators of the past few weeks point to a slowing in the rate of economic decline, and a gradual upturn around the end of the year. The chancellor will scrutinise this week's report on the UK economy by the Organisation for Economic Co-operation and Development for evidence pointing in this direction. But he will need more than this to convince the country at large that something tangibly positive is taking place in the economy as a whole.

He [redacted] not have been too pleased when [redacted] England, in [redacted]terly bulletin, rebutted [redacted] Treasury [redacted] economy looked set for an upturn, and instead offered the sober and entirely sensible assessment that "there is no clear evidence of an end to the recession".

Mr Lamont may have been still less enamoured by the Bank's sharply-stated (but little-noticed) warning in the bulletin that for European countries generally "a reduction in inflation which was achieved at the expense of higher unemploym[redacted] might prove politically or financially unacceptable". Though set in the [redacted] discussion on European economic union, the sentence applies directly to the management of the UK economy over the past year; and given that Britain's rising jobles total (which may reach 3m next year) is such a politically explosive issue Mr Lamont may well have felt the phraseology to be unhelpful, in spite of the admirably concise way in which it sets out obvious truths.

In [redacted] of Mr Lamont's possible policy actions [redacted] the next few months, however, the thinking of Bank officials appears to be in line with what can be assumed to be in the chancellor's mind. The Bank appears to be expecting the Treasury to want to engineer a further ½-percentage cut in UK interest rates, to 10½ per cent, to provide [redacted] fillip to the Tory conference. That would undoubtedly help Mr Lamont's popularity; but he still needs something else. Perhaps he could study the advice from Mr Dieter Wermuth, a leading German economist, who believes the Conservative government should [redacted] "Churchillian" approa[redacted]omy. "The Conservatives [redacted] tell [redacted] UK peopl[redacted] that the economy will take some time to come round; there will be blood, sweat and tears ahead, but Britain has the chance finally to get on top of inflation, after which things could be better," says Mr Wermuth, general manager at the Frankfurt office of Manufacturers Hanover, the US bank. Mr Wermuth probably has a good point. If Mr Lamont is spotted over the next few weeks looking up Second World War speeches, it will be proof that he is taking the advice on board.

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IF the [redacted] did not exist, it would have [redacted] be invented. Apart from the job it [redacted] for the UK government in providing (often hard-to-interpret) [redacted] on economic activity, its press [redacted] act as [redacted]bord of information [redacted] investors in the City, enabling them [redacted] discover how close to the mark have been their own guesses about financial trends.

Right now, the CSO's work is being scrutinised in more than usual detail, due to the interest in discovering when the much expected economic upturn [redacted] likely to take place, and how strong this will be. Also, the government is in the final stages of selecting a new CSO director, to replace Sir Jack Hibbert, who is retiring next year. Ministers want a new broom in at the top of the 1,000-strong organisation, who will be energetic enough to convert it into an "executive agency" instead of its present role as an ordinary, boring old civil-service department. Under the government's plans, the CSO will take on agency status about the time the new man or woman arrives, at which point it will be encouraged to earn more cash through working with industry, and brush up on some of its statistical and presentational techniques.

The Labour Party (and some statisticians) [redacted] unnecessarily concerned [redacted] ministers' keenness [redacted] consider [redacted] for [redacted] top job who [redacted] not [redacted] expert. [redacted] all the previous [redacted] professional qualifications in their ability to [redacted] numbers [redacted] mean [redacted] state [redacted] should continue into perpetuity. Labour's comments [redacted] (should it [redacted] power) [redacted] might sack the new CSO head if this person is not a [redacted] "jobs [redacted] the boys" policy [redacted] appointments.

It [redacted] good news that, in [redacted] competition is appearing for [redacted] in [redacted] form [redacted] other organisations willing to organise professionally-conducted surveys [redacted] UK economy. Plans by the Retail Consortium to run its own weekly analysis of sales trends in shops and stores, [redacted] counterbalance [redacted] CSO's monthly survey, may provide more detail [redacted] general financial trends, and could even lead the CSO to sharpen up [redacted] own [redacted] in collecting retailing data. One obvious question [redacted] why the [redacted] weeks [redacted] provide even a modest sectoral breakdown [redacted] retail sales [redacted] for each month [redacted] the year. It should try to [redacted] better.

Peter Marsh

Takeover Panel to police UK cold calling

By Robert Peston in London

THE [redacted] Panel, regulator of mergers and acquisitions in the UK, will this week acquire powers to police cold calling of private investors by bidders.

The takeover code is being amended so bidders will need the permission of the panel before making a cold call.

The panel will force the bidder to make clear to the private investor the consequences of giving an irrevocable acceptance to a takeover bid. The bidder will have to inform the investor that if an irrevocable acceptance is given, the investor may not be able to benefit from a better offer, if a rival bidder makes one.

The panel has to introduce the new rule to coincide with the implementation on September 1 of a new common code on cold calling in all investment business, which has been drawn up by the Securities and Investments Board, the City's top investment regulator.

The precise form of the panel's new rule was being finalised at the weekend.

The unsettled question was whether bidders, through their merchant bank advisers, should be forced to ask the panel for permission before making any cold calls or only calls to private investors.

The rule will be designed to protect private investors rather than professional managers.

[redacted] can be problems deciding [redacted] an investment trustee is a private investor or a professional under [redacted] terms [redacted] the Financial Services Act. Some trustees [redacted] highly trained [redacted] professionals, but [redacted] such [redacted] country solicitors, [redacted] no [redacted] sophisticated than most private investors.

Speculation mounts over [redacted] Ladbroke rights

By Jane Fuller

SPECULATION intensified [redacted] the [redacted] Ladbroke, the leisure group, would launch [redacted] rights issue alongside the announcement of its interim [redacted] Thursday.

UBS Phillips and [redacted] published a [redacted] on Friday saying that "with the [redacted] cover down [redacted] two times, an early rights [redacted] be ruled out". It added, however, [redacted] an issue could [redacted] well received.

The [redacted] price [redacted] to 270p on Thursday [redacted] Friday, against the market trend, as [redacted] of an [redacted] that may fall [redacted] £100m pre-tax. The Gulf [redacted] its hotel business and bad weather curtailed the racing programme [redacted] betting [redacted]

Rights [redacted] have been [redacted] the [redacted] time. Four [redacted], for instance, the appointment [redacted] Smith [redacted] Court [redacted] joint broker sparked a similar round [redacted] talk.

The immediate [redacted] of [redacted] cash call would [redacted] reduce [redacted] group's [redacted] debt, which [redacted] £1.5bn in December giving gearing [redacted] per cent. [redacted] equation was helped by [redacted] intangibles, including [redacted] Hilton International hotels and Vernons pools brand [redacted] Without them, [redacted] would be [redacted] per cent.

Tapping [redacted] market would [redacted] make [redacted] for [redacted] delay in selling off some hotels and in selling [redacted] in [redacted] that it [redacted] redeveloped, including the Langham Hilton in central London. Early last summer, Ladbroke's described how it [redacted] raise £500m [redacted] disposals, [redacted] hotel/property markets have so far undermined [redacted] plan.

If a rights [redacted] raise [redacted] similar amount, it could be [redacted] continue [redacted] expansion [redacted] the Hilton [redacted] national chain [redacted] well [redacted] strengthening [redacted] balance [redacted]

The [redacted] regarded [redacted] necessity. Ladbroke has already taken [redacted] cash requirements by at [redacted] halving capital spending [redacted] year's [redacted]

The [redacted] had [redacted] rights [redacted] in September 1987 [redacted] help [redacted] purchase of [redacted] Hilton [redacted] chain, but the [redacted] crash [redacted] bulk of the £254m call was [redacted] with [redacted] underwriters.

Robert Denham is chief legal officer at Salomon

[redacted] Martin Dickson in [redacted] York

SALOMON, the Wall Street [redacted] house [redacted] by [redacted] bond trading scandal, [redacted] appointed [redacted] chief legal officer, Mr Robert Denham, to [redacted] place [redacted] Mr Donald Feuerstein, [redacted] last Friday [redacted] the fourth senior Salomon official to [redacted] over the affair.

Mr Denham, [redacted] is [redacted] long-time associate [redacted] Mr Warren Buffett, [redacted] over [redacted] interim [redacted] of Salomon as it tries to ride out the legal storm resulting from its admission of illegal bidding in US Treasury bond auctions.

Mr Feuerstein, whose responsibilities included [redacted] seeing [redacted] firm's compliance with [redacted] trading practices, [redacted] asked to resign by Mr Buffett. This [redacted] resignation earlier this month [redacted] Mr John Gutfreund, chairman of Salomon, Mr Tom Strauss, the president, and Mr John Meriwether, [redacted] vice [redacted]

Mr Denham will have a crucial role [redacted] play in charting [redacted] strategy [redacted] through [redacted] many legal suits which now threaten it. A partner in [redacted] Angeles [redacted] firm [redacted] Munger [redacted] & Olson, [redacted] known Mr Buffett [redacted] 17 [redacted] and is [redacted] Hathaway, the investment [redacted] Mr Buffett [redacted]. Mr Buffett [redacted] Mr [redacted] was his "first [redacted] only" [redacted] the [redacted] job.

Market and investors hope pressure on Ashcroft is starting to pay off

By Bernard Simon in Toronto

A COMPANY'S [redacted] price doesn't often bounce up on word that it [redacted] suspending [redacted] dividend.

But [redacted] community yesterday applauded ADT's announcement of a halt in dividends as a hopeful sign that Mr Michael Ashcroft may [redacted] be starting to respond to concerns about the financial condition and accounting practices of the [redacted] auction and security group he [redacted]

Despite [redacted] announcing a [redacted] per [redacted] cut in first-half pre-tax profits and limits on capital spending, ADT's [redacted] price jumped by $1 [redacted] in early trading in [redacted] York.

Even ADT's largest shareholder, the [redacted] management [redacted] Laidlaw, [redacted] quietly expressing satisfaction yesterday that the pressure [redacted] on Mr [redacted] in [redacted] months [redacted] starting [redacted]

Four Laidlaw-appointed directors [redacted] their first ADT board meeting [redacted] Friday. "It [redacted] good meeting," [redacted] Mr Peter Widdrington, Laidlaw's non-executive chairman. In [redacted] gesture [redacted] largest shareholders, [redacted] Ashcroft [redacted] understood [redacted] suggested that the meeting [redacted] place [redacted] the Montreal head office of [redacted] Pacific, Laidlaw's controlling shareholder.

Mr Ashcroft's lengthy [redacted] ment yesterday contained two particular items which both Laidlaw and outside investors are hoping mark the start of a [redacted] ADT.

The [redacted] is [redacted] announcement of [redacted] $500m debt-reduction plan [redacted] help fund the repayment of sizeable amounts of debt and [redacted] possible redemption [redacted] convertible preferred shares in 1994 and 1995.

[redacted] the suspension in dividends, ADT singled [redacted] the possible disposal of non-core investments, such [redacted] interests in Christies, [redacted] auctioneers, [redacted] LEP freight forwarding group, and maintenance services [redacted] Nu-Swift.

As one [redacted] York analyst put it, "they're taking away [redacted] dividend, but [redacted] least they're using [redacted] money for something positive." ADT's long [redacted] June [redacted]

Second, ADT [redacted] made a change [redacted] accounting policy [redacted] which recognises [redacted] potential liability on the redemption of [redacted] preference shares. In line with [redacted] guidelines [redacted] by the UK Accounting Standards Board, the company has appropriated $160.5m to cover the maximum liability which [redacted] incur when [redacted] shares are redeemed in 1994.

There are [redacted] signs however, that [redacted] things [redacted] not have changed. The [redacted] is charging the preference-share liability to retained earnings rather than current income, as [redacted] recently become widespread practice.

Mr Hammond says that change was made according to [redacted] the London [redacted] ADT's auditors. It reflects [redacted] difference [redacted] convertible bonds, which are a pure [redacted] interest payments [redacted] through [redacted] statement, [redacted] preference shares, [redacted] which [redacted] an appropriation [redacted] profit below [redacted] line.

Laidlaw is furious about [redacted] $11.6m special charge [redacted] ADT's [redacted] defending the lawsuit which the Canadian [redacted] brought against Mr Ashcroft [redacted] other [redacted] ADT executives earlier this year.

ADT's deputy chairman, Mr [redacted] Hammond, explained [redacted] required [redacted] first-class legal team, but that [redacted] unlikely [redacted] satisfy Laidlaw. Indeed, if there [redacted] one [redacted] in ADT which continues [redacted] rile [redacted] Canadians, [redacted] Mr Ashcroft's dominant role and his apparent identification of his [redacted]s with those of [redacted] as [redacted] whole.

Whether the changes which emerged yesterday [redacted] result of Laidlaw's pressure or [redacted] change [redacted] on the part of Mr Ashcroft depends [redacted] whom one [redacted] to. [redacted] Hammond [redacted] yesterday that the new financial strategy "was presented to the board by management and approved unanimously. It's [redacted] intention to concentrate on [redacted] businesses." [redacted] issue [redacted] disagree[redacted] remains [redacted] Laidlaw.

Executives [redacted] Canadian [redacted] claim, however, [redacted] the changes would have [redacted] unlikely without their prodding. Laidlaw contends that a stronger balance sheet, [redacted] withdrawal from [redacted] nected with [redacted] security, [redacted] more [redacted] approach to [redacted] investment community [redacted] precisely [redacted] trying [redacted] achieve [redacted] ADT [redacted] last April.

Big investors are hopeful that the statement made by Michael Ashcroft (above) may mark the start of new era [redacted] ADT

Moving into a credible position to chase other violators

James Buxton on Rodime's change from [redacted] manufacturer to an intellectual property company

Many people will be surprised [redacted] learn [redacted] inch hard [redacted] drive, now [redacted] equipment on [redacted] personal computers, [redacted] produced by [redacted] British company. Cynics may [redacted] surprised [redacted] hear [redacted] company last [redacted] put its manufacturing operations into receivership.

[redacted] company, Rodime, [redacted] one of the white hopes of British technology in [redacted] 1980s. Founded in 1980 at Glenrothes, [redacted] by [redacted] and [redacted] engineers who spun [redacted] Burroughs, the [redacted] computer [redacted] Unisys. [redacted] once a darling [redacted] the US over-the-counter mar[redacted]. It spread to the US [redacted] then to the [redacted]

Yet it [redacted] not [redacted] an annual profit [redacted] nor ever paid a dividend. Last week [redacted] shares were suspended on the London [redacted] exchange [redacted] 4p – [redacted] delisted by Nasdaq in early July. [redacted] called in receivers [redacted] manufacturing plant [redacted] Singapore and at [redacted] facility in Glenrothes, and sought protection under Chapter 11 [redacted] bankruptcy laws for [redacted] US operation, based [redacted] Raton, Florida.

In what [redacted] Peter Bailey, president and chief executive, [redacted] "an orderly build-down," Rodime intends [redacted] reduce [redacted] intellectual property company, licensing [redacted] technology [redacted] continuing [redacted] claims [redacted] patent against about [redacted] drive [redacted] worldwide. [redacted] with only some exaggeration: "Rodime [redacted] effectively licensed [redacted] 3.5 inch disk [redacted] industry [redacted] until recently it wasn't being paid for it."

[redacted] moved [redacted] its story has [redacted] one of [redacted] false [redacted] But there was genuine reason for hope in the spring of [redacted] when new management came in from the [redacted] disk drive industry and a large scale financial [redacted] brought in $27m of fresh cash. [redacted] was [redacted] and overdraft [redacted] into [redacted] loans.

31, [redacted] venture capital group, became [redacted] biggest shareholder with [redacted] per [redacted] of the equity, and [redacted] of [redacted] up with [redacted] per [redacted]. At the [redacted] of last September [redacted] bank's lending [redacted] was [redacted]

Under Mr Bailey, Rodime introduced a new product [redacted], concentrating on high capacity disk drives of 100MB up [redacted] 540MB of [redacted] capacity. It [redacted] rationalised its sprawling production operation, spread over [redacted] for [redacted] whose

RODIME

turnover [redacted] only around $100m. Singapore eventually [redacted] the only production unit, with [redacted] repair [redacted] (though [redacted] corporate headquarters), and Boca [redacted] concentrating on design and marketing. Peripheral operations were [redacted]

Disk drive manufacturing [redacted] extraordinarily ruthless business where technology advances [redacted] breathtaking speed and where, in the words [redacted] of the California research organisation Disk/Trend, "to fail [redacted] get your product onto [redacted] market in a [redacted] a cardinal sin."

Despite [redacted] promising [redacted] continued reorganisation, Rodime's management [redacted] the [redacted] achieve profitable manufacturing. Increasingly [redacted] quarterly reports detail its struggle to ramp up production [redacted] disk [redacted] still higher capacity and yet thinner profile, against severe difficulties in obtaining components and perpetually stretched [redacted] facilities [redacted] of high gearing.

Then, during [redacted] months, it was hit by the slowdown in desktop computer [redacted] in [redacted] US [redacted] sluggish [redacted] in Europe. [redacted] and [redacted] among [redacted] independent distrib[redacted] that represent [redacted] primary sales channel for PCs in the US. Six of the top PC distributors have merged into three [redacted] over the past few months, consolidating their stocks and cutting back on [redacted] orders.

The disk drive industry [redacted] is in the midst of [redacted] product transition from [redacted] inch [redacted] new smaller drives (2.5 [redacted] and [redacted] inch). [redacted] of 3.5 inch drives have slowed, leading [redacted] price cutting and lower profits. [redacted] have halved [redacted] past 12 months [redacted] several leading manufacturers, including Seagate Technology, Conner Peripherals [redacted] Maxtor, have all recently announced layoffs.

Lately [redacted] whose losses deepened [redacted] of [redacted] ending September 1991 [redacted] ($7.8m) on sales [redacted] $37m [redacted] that it was abandoning the struggle to be [redacted] independent [redacted] and sought a manufacturing joint [redacted] company.

But the talks [redacted] down on the question of [redacted] and that plus the exhaustion of Rodime's working capital, precipitated [redacted] week's [redacted]

In [redacted] US [redacted] Office [redacted] companies in the disk [redacted] industry by upholding [redacted] reissuing [redacted] patents for crucial aspects [redacted] the [redacted] inch [redacted] drive.

From then on [redacted] stepped up efforts [redacted] royalties from companies which [redacted] alleged had infringed [redacted] patents.

[redacted] policy bore fruit [redacted] November when [redacted] Business Machines paid Rodime $13m in [redacted] out of court [redacted]. In June [redacted] agreement with Conner Peripherals involving [redacted] payment [redacted] was "material" from [redacted] point [redacted] view.

[redacted] running down [redacted] manufacturing and nearly halving its 620-strong [redacted] Rodime and its bankers hope [redacted] will be financially [redacted] as it pursues [redacted] companies which [redacted] have [redacted] patents.

[redacted] hopes also to sell its [redacted] and will [redacted] repair facility [redacted] eventually be sold.

"Our patents run [redacted] the [redacted] and the highest [redacted]

RODIME

prod[redacted] of the 3.5 inch [redacted] hasn't [redacted] yet," Mr [redacted] claims. "It's unlikely that people will be able to produce a 3.5 inch [redacted] infringing [redacted] patents."

In other words there may still be some proceeds for the shareholders.

[redacted] Katzive, who acknowledges "it's always very sad when [redacted] pioneer [redacted] down," has his doubts.

"Rodime [redacted] going [redacted] legal business. [redacted] while the well will run dry as the technology [redacted] the number [redacted] companies they can license to doesn't grow. Engineers will try [redacted] find [redacted] way round [redacted] patents [redacted] they can."

API stays independent but questions remain

By [redacted] John

THE FAILURE of [redacted] bid for rival packaging group API leaves two fundamental ques[redacted] hanging over the target company – the future of [redacted] management and [redacted]

When [redacted] deadline for [redacted] bid passed [redacted] 1pm [redacted] Saturday only [redacted] API's shareholders had accepted NMC's all-paper offer.

Mr Norman Gordon, [redacted] executive, [redacted] "We have lost [redacted] accept the [redacted] API's shareholders although [redacted] continue [redacted] represented [redacted] alternative for [redacted] future [redacted] API."

The other alternative, NMC has argued consistently throughout the nine-week [redacted] battle, [redacted] company with dwindling profits [redacted] a fragmented management.

API's pre-tax profits slumped from £7.76m in [redacted] £1.86m last year and [redacted] estimated £650,000 [redacted] year. At this year's interims it announced an [redacted] loss.

[redacted] company, which [redacted] three divisions involved in manufacturing stamping foil, converted film and paper products, has also been bedevilled by management problems.

In March Mr Adrian Missenden, the managing director, resigned after a disagreement over strategy and Mr Charles Rawlinson, [redacted] chairman, brought forward his [redacted] with [redacted] effect.

[redacted] was [redacted] only [redacted] executive director until [redacted] emergence of [redacted] bid when Mr [redacted] Holroyd was appointed temporary director.

CROSS BORDER [redacted] DEALS

BIDDER/INVESTOR	TARGET	[redacted]	VALUE	COMMENT
[redacted] (UK)	DAP Inc [redacted]	Building [redacted]	£53m	[redacted] restructuring [redacted]
ICI (UK)/Ferro Corp [redacted]	JV	[redacted] coatings	n/a	Creating [redacted] largest
[redacted]	[redacted] (US)	Radar Systems	£8.5m	[redacted] by Ferranti International
Odyssey International (Canada)	[redacted] (US)	Sports [redacted]	[redacted]	[redacted] brand name
[redacted]	MTV Europe (Europe)	Television	[redacted]	[redacted] taking [redacted] ownership
[redacted] (Germany)/Tesla Karlin (Czechoslovakia)	[redacted] (JV)	Electrical [redacted]	£16m	Production [redacted] marketing [redacted]
Leucadia National Corp (US)	Molins (UK)	Indstrial machinery	n/a	2% buy [redacted] siege
[redacted] (US)	KLM Helicopters [redacted]	Helicopters	n/a	[redacted] agreed
[redacted] (Finland)/ Proventus (Sweden)	JV	Building [redacted]	£19m	[redacted]
Harper Group (US)	SW [redacted] Freight (France)	Freight [redacted]	n/a	Harper [redacted] 70%

[redacted] FT [redacted] & [redacted]

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in [redacted]

1/2 hour period ending	Provisional Price for Trading on [redacted]: Pool purchase price £/MWh	Final Prices for Trading on 28.07.91: Pool purchase price £/MWh	Final Prices for Trading on 28.07.91: Pool selling price £/MWh
0030	17.03	15.76	19.29
0100	15.61	10.00	13.50
0130	15.61	10.00	13.52
0200	15.61	10.00	13.52
0230	15.61	15.63	15.63
0300	15.61	15.63	15.63
0330	15.57	15.63	15.63
0400	15.59	15.53	15.53
0430	15.50	15.53	15.53
0500	15.50	15.53	15.53
0530	15.50	15.44	15.44
0600	15.50	15.43	15.43
0630	15.60	15.44	15.44
0700	15.58	15.46	15.46
0730	15.60	15.63	15.63
0800	15.61	17.10	20.70
0830	15.99	22.20	25.87
0900	16.93	22.20	25.84
0930	17.27	17.10	20.64
1000	17.40	17.10	20.63
1030	17.57	17.63	21.39
1100	18.00	18.01	21.57
1130	18.00	18.01	21.57
1200	18.00	19.25	22.85
1230	21.74	24.06	27.82
1300	21.74	19.26	22.85
1330	18.60	18.01	21.58
1400	17.71	18.01	21.58
1430	17.71	15.92	19.92
1500	15.61	15.92	15.92
1530	15.61	15.92	15.92
1600	15.67	15.92	15.92
1630	15.67	15.92	15.92
1700	15.61	15.92	15.92
1730	15.61	15.92	15.92
1800	17.71	15.92	15.92
1830	17.71	15.92	15.92
1900	17.71	15.92	15.92
1930	17.71	15.92	15.92
2000	17.71	15.92	15.92
2030	17.71	15.92	15.92
2100	21.31	15.92	15.92
2130	21.31	18.01	21.58
2200	19.61	18.01	21.57
2230	17.40	20.01	23.85
2300	17.40	20.02	23.64
2330	17.40	27.50	31.26
2400	17.37	27.50	31.39

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase [redacted] is the basis of the majority of payments [redacted] to generators in respect of [redacted] traded through the pool. The [redacted] Pool [redacted] Price is subject to [redacted] or correction until final [redacted] prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 26.08.91: Pool purchase price £/MWh	Final Prices for Trading on 29.07.91: Pool purchase price £/MWh	Final Prices for Trading on 29.07.91: Pool selling price £/MWh
0030	16.64	20.11	22.61
0100	16.64	17.68	20.12
0130	15.61	17.10	19.54
0200	15.61	17.10	19.53
0230	15.61	17.10	19.54
0300	15.61	17.10	19.54
0330	15.57	17.10	19.54
0400	15.60	17.10	19.54
0430	15.60	17.10	19.54
0500	15.50	15.49	15.49
0530	15.50	15.48	15.48
0600	15.50	15.48	15.48
0630	15.50	15.56	15.56
0700	15.58	17.12	19.55
0730	15.60	17.48	19.88
0800	15.60	17.48	19.72
0830	15.65	19.38	21.74
0900	17.28	21.30	23.62
0930	17.35	25.67	29.00
1000	17.50	25.67	28.97
[redacted]	18.82	23.05	26.33
[redacted]	18.82	21.30	23.62
[redacted]	18.82	21.30	23.55
[redacted]	18.82	20.79	23.14
[redacted]	18.82	20.79	23.13
[redacted]	18.82	20.79	23.14
1330	17.62	18.36	20.64
1400	17.62	20.79	23.13
[redacted]	15.95	23.06	25.35
1500	17.62	24.14	26.40
1530	15.95	21.30	23.60
1600	17.62	21.30	23.60
1630	17.62	21.30	23.59
1700	17.62	20.79	23.13
1730	17.62	20.79	23.15
1800	17.62	18.36	20.65
1830	17.62	18.36	20.65
1900	17.62	17.49	19.76
1930	15.95	17.49	19.75
[redacted]	15.95	17.48	19.76
[redacted]	17.62	15.68	15.68
[redacted]	19.80	17.48	19.76
[redacted]	21.46	17.48	19.75
[redacted]	19.80	17.46	19.74
[redacted]	19.80	20.32	22.63
[redacted]	17.34	20.32	22.63
[redacted]	17.34	17.48	19.74
[redacted]	17.33	17.48	19.75

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

[redacted] hour period ending	Provisional Price for Trading on 27.08.91: Pool purchase price £/MWh	Final Prices for Trading on 30.07.91: Pool purchase price £/MWh	Final Prices for Trading on 30.07.91: Pool selling price £/MWh
0030	15.80	15.68	15.68
0100	15.80	15.51	15.51
0130	15.80	15.51	15.51
[redacted]	15.80	15.51	15.51
0230	15.80	15.51	15.51
0300	15.80	15.51	15.51
0330	15.65	15.51	15.51
0400	15.56	15.51	15.51
0430	15.56	15.51	15.51
[redacted]	15.56	15.51	15.51
0530	15.49	15.49	15.49
0600	15.69	15.51	15.51
0630	15.65	15.66	15.66
[redacted]	15.67	20.12	23.04
0730	15.65	20.12	23.03
0800	16.10	17.37	20.20
[redacted]	16.62	18.07	20.92
0900	16.61	18.07	20.91
0930	19.04	23.62	26.51
[redacted]	21.47	24.21	27.02
[redacted]	19.15	23.61	26.51
[redacted]	21.88	22.71	25.68
1130	21.82	20.28	23.16
1200	21.65	23.61	26.56
[redacted]	21.58	23.61	26.56
[redacted]	21.49	20.28	23.16
[redacted]	19.01	18.21	21.05
1400	18.98	20.28	23.16
[redacted]	18.85	20.28	23.17
1500	21.33	20.28	23.17
[redacted]	21.33	18.21	21.05
[redacted]	21.35	21.16	24.10
[redacted]	22.32	21.16	24.09
[redacted]	26.90	21.16	24.08
[redacted]	26.87	21.16	24.09
[redacted]	22.25	18.21	21.05
[redacted]	21.05	18.21	21.05
[redacted]	18.74	18.04	20.88
[redacted]	18.22	17.37	20.20
[redacted]	18.16	17.37	20.20
[redacted]	18.22	17.37	20.21
[redacted]	25.44	17.37	20.21
[redacted]	25.44	17.37	20.20
[redacted]	21.57	17.37	20.19
[redacted]	17.85	17.37	20.18
[redacted]	18.25	17.37	20.19
[redacted]	19.25	17.37	20.20
[redacted]	17.15	17.37	20.21

Prices are determined for every half-hour in each twenty-four [redacted] Prices are in [redacted] per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

هكذا من الأجل

COMPANIES AND FINANCE

Nordbanken takes control of Nobel

By John Burton in Stockholm

NORDBANKEN, the [illegible]-controlled Swedish bank, yesterday took control [illegible] Nobel Industries, the chemicals and defence concern, and other holdings owned by Mr Erik Penser, the Swedish financier, to rescue the group from financial collapse.

It marks the [illegible] end to the corporate empire built by Mr P[illegible], a publicity shy tax exile [illegible] in Belgium. He was one of Sweden's leading financiers for more than 15 years. "Erik Penser is finished. His epoch is finished. He is broke, wiped out. He doesn't have a krona left in his pocket," declared Mr Bjorn Wahlstrom, the chairman of Nordbanken, the largest creditor to Mr Penser, who had a [illegible] per cent stake in the bank.

Mr Penser acquired his interest in Nordbanken in [illegible] for selling his stock [illegible] firm Carnegie [illegible] sion to the bank in 1989.

Nordbanken will inject new capital into Nobel after the chemicals group lost an investment of at least SKr1.[illegible]bn ($277m) in Gamlestaden, a finance company controlled by Mr Penser. Details about financial support [illegible] Nobel will [illegible] disclosed today, with other banks, including Skandinaviska Enskilda Banken and Handelsbanken, planning to participate in exchange [illegible] shares in Nobel.

Nordbanken will issue [illegible] totalling SKr[illegible]bn to [illegible] port [illegible] of Nobel [illegible] Yggdrasil, the [illegible] company that held [illegible] Penser's holdings.

Trading [illegible] yesterday, pending completion of the bail-out package.

Nordbanken plans [illegible] a new board of industrialists to run Nobel. "We want Nobel to focus on its core activities of chemicals and we plan to dispose of some of its non-core assets," said Mr Lars Thunell, Nordbanken vice-president.

Gamlestaden triggered the crisis by revealing last week that its entire shareholder capital was exhausted after it suffered losses of SKr2.[illegible]bn during the first half of 1991, due to bad loans. The losses threatened to drain further capital from Nobel Industries and Yggdrasil, raising the possibility of their bankruptcy, since they had promised Gamlestaden's creditors the finance company would maintain an equity-assets ratio of 18 per cent.

Nobel owned 49.[illegible] per cent of Gamlestaden, while [illegible] per cent [illegible] by Yggdrasil. Gamlestaden will fall under the control of its 14 creditor banks, led by Nordbanken and Skandinaviska Enskilda Banken, which will conduct "an orderly liquidation" of its activities. The banks have lent Gamlestaden more than SKr[illegible]bn.

The state intervention through Nordbanken underscored the Social Democrat government's worries that a possible collapse of Nobel could prove damaging less than three weeks before the country holds national elections. Nobel is an important defence contractor through its half ownership of Swedish Ordnance, Sweden's biggest arms producer.

Ownership of the new shares in Nordbanken may become a campaign issue. The state postal agency, whose branches are used by Nordbanken, is interested in acquiring three fifths of the new shares, while the state holding company Fortia will guarantee the remaining two fifths of the issue.

Fokus Bank suffers heavy operating loss

By Karen Fossli in Oslo

FOKUS BANK, Norway's third biggest bank, suffered a heavy first-half operating loss, after credit losses of NKr559.1m ($81.7m). The bank has also been forced to accept another financial rescue package and launch a NKr500m capital expansion during 1992.

The bank switched recently from reporting results every four months to a quarterly basis, but executives said the half-year result was in line with the previous corresponding period. For the whole of 1990 Fokus posted an operating loss of NKr1.16bn.

The release of the results came as Mrs Gro Harlem Brundtland, Norway's prime minister, announced the appointment of a committee to investigate the decline in the country's banking system in the past four years. She said members of the committee would be drawn from bank watchdog commissions, the finance ministry and others concerned with bank industry affairs.

The government [illegible] guarantee fund of the commercial banks have had to rescue several Norwegian banks from [illegible]. Credit losses [illegible] half-year mark hit NKr554.2m, against NKr1.19bn for 1990.

Last year Fokus was granted a NKr1.5bn guarantee from the commercial banks' guarantee fund [illegible] help boost its capital.

[illegible] – in the form of [illegible] capital – from the state's NKr5bn bank emergency fund with an interest rate of 8.5 per cent, the same rate paid by the central bank for state deposits. It will be despatched through the [illegible] fund of the [illegible] banks.

The Forende insurance [illegible] gent performance and rationalisation targets.

Forende's support was made possible by dispensation it received from Norwegian authorities to own more than 10 per cent in another finance institution and a pact agreed between it and Fokus to co-operate in banking and insurance sales.

Mr Jan W. [illegible] president, [illegible] a holding company would not be formed for his company and Fokus, the co-operation agreement would give up to 80 per cent of the synergy effects of a holding company structure.

The austerity plan forces Fokus to cut costs by at least 30 per cent in 1992. Part of this will be achieved through the closure of 16 branches and 320 job cuts out of a staff of 2,100. The bank must also cut risk-weighted assets to about NKr35bn by the end of 1991 and to NKr[illegible]bn over a two-year period.

Trad[illegible] the bank's shares began [illegible] yesterday, after being [illegible] last Friday on rumours it was to [illegible] cash injection. The [illegible] forced Fokus to [illegible] release of the halfyear figures until yesterday.

CHRISTIANIA BANK, Norway's second biggest bank, said its top paid executives have voluntarily agreed to cut their annual salaries by 20 per cent, writes Karen Fossli.

Their decision forms part of an overall austerity programme aimed at reducing the bank's costs by NKr600m within a year.

Mr Borger Lenth, who has replaced Mr Sverre Walter Rostoft as president, is to be paid an annual NKr1.2m salary, compared with his predecessor's N[illegible].48m.

In 1990 the bank paid salaries and other [illegible]muneration to employees and officers totalling NKr1.184bn, but a bank spokesman would only say the current salaries of the top 20 executives are in line with those of other banks' executives.

Christiania said the executives' salaries' reduction is due to the bank's poor results and the requirements for the capital injection in the form of primary capital which it recently received.

Viag hit by weak US trading conditions

By David Goodhart in Bonn

VIAG, the acquisitive [illegible] conglomerate, said yesterday it was dissatisfied with [illegible] result for the [illegible] attributing [illegible] returns in some of its [illegible] weak [illegible] conditions in the US.

[illegible] per cent to DM[illegible] mainly [illegible] to acquisitions, most significantly the takeover of Continental Can Europe. [illegible] profit also rose from [illegible].

[illegible] and [illegible] strongly performing [illegible] electricity sales rose [illegible] per [illegible] and [illegible] rose 13 per cent. [illegible] the trading [illegible] sales. [illegible] chemicals and [illegible] were all weaker than expected at the beginning of the year.

Viag, which is the [illegible] largest company in [illegible] per cent [illegible] than a year earlier.

With the takeover of Continental Can Europe the company acquired a controlling stake in the German packaging group Schmalbach-Lubeca. Schmalbach announced earlier this month that it had [illegible] over the US packaging group Continental White Cap of Illinois.

McDonnell Douglas in aircraft cost dispute

By Martin Dickson in New York

MCDONNELL Douglas's controversial programme to develop a new military transport aircraft for the US government has become [illegible] in a fresh dispute [illegible] the likely cost of the [illegible].

A report drawn up by the Pentagon claims the company [illegible] exceed the $6.6bn [illegible] Louis-based company, the largest US defence contractor, at a time when it already has a stretched balance sheet.

However, McDonnell Douglas yesterday expressed surprise and bafflement at the Pentagon figures, which bear no relation to the company's estimates or those of the US Air Force, which is closely involved in [illegible] development [illegible].

McDonnell [illegible] cost of the [illegible] programme at [illegible], but says most of the over-run is due to [illegible] of the contract [illegible] items which it will [illegible] claim back from the government, such as delays beyond its control.

The air force [illegible] cost of the [illegible] at [illegible].

[illegible] C-17, which is being built at McDonnell Douglas's plant in Long Beach, California, has been plagued by problems which have delayed its initial test flight by a year.

It was supposed to have made its maiden flight this summer. A company spokesman said yesterday the flight would be "soon".

Oslo bourse inquiry reveals possible illegal activity

By Karen Fossli

AN INVESTIGATION by the [illegible] of possible illegal activity.

[illegible] "parking" of shares in the company by four board [illegible].

The findings have been [illegible] over to the banking, [illegible] it over to Oslo police authorities or pursue the [illegible].

Orkla [illegible] and Nora Industrier [illegible] plans to merge on [illegible] way's third biggest [illegible] but three companies [illegible] Nora A-shares in the weeks before the merger was formally announced, at a time when the company's shares [illegible] in value.

The merger called for a NKr283.5m ($41.5m) cash bonus to be distributed to Nora shareholders, in addition to the basic merger deal in which 10 Nora shares are to be exchanged for 11 Orkla shares.

Holders of Nora restricted A-shares will receive NKr12 a [illegible] holders of free A-shares will [illegible] NKr17.5 a share and [illegible] B-shares are to get [illegible] a share.

Mr Kjell Frognadal, a bourse official [illegible] the investigation, [illegible] that although [illegible] evidence of illegal [illegible] was not obtained, the bourse had reason to believe that certain transactions in Nora A-shares were made intentionally rather than coincidently.

"For the general confidence in the (Oslo) market, such a case is never good, but at least we have been able to bring certain things to light which [illegible] the control side of [illegible] is functioning," Mr Frognadal said.

The planned merger is due to be formally approved by shareholders on September 3.

The merged company will have an annual turnover of [illegible] and 14,000 employees.

NRI TOKYO BOND INDEX

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Overall	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Nomura Research Institute

Comalco sees 50% reduction in net profit

COMALCO, Australia's largest listed aluminium producer, more than halved its net profit for the halfyear to June 30 from A$80.6m (US$67.1m) to A$33.4m, writes Mark Westfield in Sydney.

Pre-tax earnings for the company, which is 67 per cent owned by mining house CRA, dropped to A$81.3m from last year's A$134.4m. Directors slashed the interim dividend to 3 cents from 8 cents a share last year.

Comalco blamed low metal [illegible] profit [illegible]. Its bauxite and alumina production was [illegible].

Comalco produces about [illegible] tonnes of [illegible] a year and [illegible] of alumina.

Mr [illegible], chief executive, [illegible] price for aluminium had dropped from an average of [illegible] cents a pound [illegible] prices were not expected to improve significantly from current levels in the [illegible] term.

Comalco struck its result on [illegible] the first six months of last year.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Sceptics doubt recovery on the way

GILT YIELDS moved steadily downwards last week, as prices for many types of UK government securities touched their highest levels since April.

Four main influences were at work in the market to explain the price movements, which were most visible for long-dated gilts. The price for the benchmark 9 per cent Treasury bond maturing in 2008 moved up, for example, by nearly 1 point, to stand on Friday night at 93⅞.

First was the general sense of relief at the outcome of events in the Soviet Union, following the failed coup at the beginning of the week. The sheer emotional impact of the news from Moscow was responsible for some part of the price-rise during the week, in a development which partly took its cue from the rally in the equity market.

A second development was the various indications during the week about trends in the UK economy. A [illegible] rise in [illegible] volumes in July, which followed [illegible] from [illegible] 1.5 per [illegible] in [illegible] in June, was greeted in [illegible] quarters as a sign [illegible] the much-expected [illegible] way.

However, many gilt practi[illegible] – and not a few economists in the retailing sector and in other areas of consumer-oriented industry – were sceptical. They pointed to the fact that an increase in retail volumes in June and July was probably due largely to the clearance campaigns adopted over the summer by many recession-hit shops aimed at shifting goods at low prices and at the expense of margins.

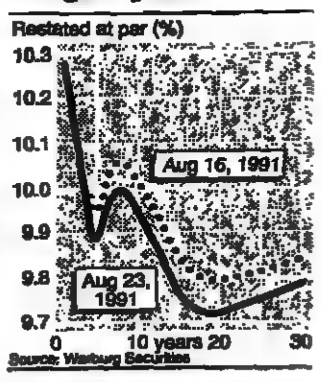
Likewise, many economists poured cold water on notions that a rise in bank lending and a flattening in the decline of the past year in import volumes were signs that an upturn might be round the corner.

"It is extremely misleading to talk now of a recovery," said Ms Valerie Burton, chief economist at Bass, the brewing and leisure group.

As for indications that consumer spending (equivalent to about two thirds of UK gross [illegible] product) [illegible] to jump into [illegible] Mr Simon Briscoe, [illegible] with City investment house Greenwell Montagu, said: "The vast bulk of the UK population still can't see the light at the end of the tunnel."

The general view, therefore, about the economic data of the week is that they point to a slow and muted recovery later in the year. This turn of events would be good for the gilt market, because it would follow that inflationary pressures over the next year or so are likely to be small.

UK gilts yields



Source: Warburg Securities

While these two factors both helped to depress yields, two other developments pushed the market in the other direction. One was the likelihood that the D-Mark – a casualty of fears early last week that the Soviet Union might be sinking into crisis – [illegible] likely to strengthen in the coming weeks, assuming that Mr Gorb[illegible] his political colleagues push through the [illegible] which [illegible] to stabilise the Soviet economy and speed [illegible] an integration [illegible] country [illegible] western markets.

Assuming this happened, the opportunity [illegible] for [illegible] would [illegible] decreased, due [illegible] the [illegible] straints [illegible] European exchange rate mechanism.

That development would be bad for gilts, especially at the short end of the market. (This may explain why short-dated gilts performed relatively badly last week, with yields pushed up a notch.) It is generally assumed the UK government will want to cut interest rates from their current 11 per cent to 10½ per cent over the next month or so. A stronger D-Mark will almost certainly hinder this goal.

The final factor which had a depressing influence on gilts at the end of the week was simply the thought that prices might have risen too high.

"With a possibility of a large batch of gilt issues coming up, and the depressing effect this would have on the market, I have my doubts about whether the current level of prices is sustainable," said Mr Nigel Richardson, a gilt specialist at S. G. Warburg.

Peter Marsh

US MONEY AND CREDIT

July figures bewilder the analysts

WHAT a difference [illegible] Last Thursday, [illegible] another big decline in weekly money supply figures, the odds on the Federal Reserve easing monetary policy were rapidly approaching evens. Then suddenly, all bets were put on hold when Friday's stunning 10.7 per cent jump in July durable [illegible] orders wiped the smile off the bond market's face and left analysts scratching their heads in disbelief.

As soon as the figures were released at 8.30am, dealers and investors knocked almost a full point off the benchmark 30-[illegible] bond and a hefty quarter of a point off the two-year note in the first few hours of business. Their rationale was simple. The data showed the economy was in a much stronger state than the "double-dippers" had led everyone to believe and any plans the Fed might have had for cutting rates were going to be put on hold.

Yet the numbers, always one of the more capricious collections of economic entrails, require closer attention than the Treasury market was willing to give them. Not for nothing are durable goods orders labelled "The Prince of [illegible]ity" in Stansbury Carnes and Stephen Slifer's [illegible] guide to [illegible] "The Atlas of Economic Indicators" (published by Harper Business in the US).

As [illegible] and Slifer point out, durable goods orders are extremely volatile for several reasons, the chief being that the data include orders for [illegible] aircraft and [illegible] goods, which have a tendency to jump around by billions of dollars every month. Not surprisingly, within the 10.7 per cent headline increase, more than half was accounted for by rises in orders of aircraft for US [illegible] foreign [illegible] in electrical transport machinery and in defence equipment for the Pentagon.

If the increased orders in transportation [illegible] are stripped out of the figures, the underlying rise of orders in July was 4.5 per cent. This is still a healthy increase, but then seasonal adjustments, which are always somewhat exaggerated in the middle of summer, must be taken into account.

Ultimately, the durable goods orders is indicative of improved economic conditions, but not much more. A clearer picture of the nation's health can be gleaned from looking at the state of the motor industry – still the cornerstone of the US manufacturing base.

Friday's sales figures from domestic car makers again [illegible] how [illegible] is for the car industry. In the mid-August period, domestically made cars sold at an [illegible] seasonally adjusted annualised rate of 6.1m units, down from the already weak 6.2m unit pace seen at the start of the [illegible]. Sales at General Motors, the biggest of the big [illegible], are currently running at a level 13.4 per cent below last year's sales.

If the poor car sales are added to the sluggishness of money growth and continued [illegible] in the labour market, then the ingredients for another cut in rates exist.

The consensus remains that when the Fed's policy-making Open Market Committee (FOMC) met last Tuesday the vote went in favour of another easing, although not yet. The FOMC is worried most by the depressed state of the money supply, as [illegible] clear from [illegible] just-released minutes of the committee's July meeting.

The minutes showed an overwhelming majority of the FOMC voted to maintain the Fed's target for money growth this year of between 2.5 per cent and 6.5 per cent. By keeping that target, the FOMC was putting its [illegible] behind the importance of stimulating [illegible] growth to boost economic activity. Given that growth in M2, the key measure of money defined as consumers' notes and coins, plus some deposit accounts, has been so slow of late, the Fed will want to [illegible] as much as it can to [illegible] monetary aggrega[illegible]

Yet do not expect a move on rates for at least another week. Mr Alan Greenspan, the Fed chairman, will want [illegible] wait and [illegible] how [illegible] employment numbers fall before taking any action. The date to look [illegible] for is Septem[illegible] 6, when analysts expect non-farm payrolls to show [illegible] between 25,000 and [illegible],000. Anything stronger and the Fed might have second thoughts about the need for a rate cut, anything weaker and the discount rate is likely to come down rapidly by 50 basis points to 5 per cent and the Fed funds [illegible] by 25 basis points to 5¼ per cent.

Patrick Harverson

[illegible] MONEY MARKET RATES (%)

	Last [illegible]	1 week [illegible]	4 [illegible] ago	12-month High	12-month Low
Fed Funds (weekly average)	5.38	5.38	5.69	11.00	2.00
Three-month Treasury bills	5.52	5.38	5.73	7.81	5.53
Six-month Treasury bills	5.69	5.50	5.98	7.75	5.82
Three-month prime CDs	5.75	5.65	5.97	9.01	5.86
30-day Commercial Paper	5.65	5.57	5.90	9.95	5.80
90-day Commercial Paper	5.64	5.56	5.93	10.05	5.81

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week [illegible]	4 wk. ago
Seven-year Treasury	102⅛	[illegible]	7.60	[illegible]	[illegible]
20-year Treasury	111	[illegible]	8.07	[illegible]	[illegible]
30-year Treasury	99[illegible]	[illegible]	[illegible]	8.08	8.38

Source: Salomon Bros (estimates).

Money supply: In the week ended August [illegible] M1 fell by $5.3bn to $862.4bn.

GERMAN BONDS

Shaken market recovers its composure

THE German government bond market recovered its composure with remarkable speed following last week's traumatic events in the Soviet Union.

A 1.15 point fall in benchmark 10-year bond prices on Monday was not catastrophic, especially compared with the 9 per cent fall in equity prices on the same day, but the bond market was clearly shaken.

Germany would have more to lose than other European countries if the Soviet Union drifted back into a closed, authoritarian society.

Trade with the Soviet Union last year amounted to DM20bn ($11.4bn), still less than 2 per cent of total trade, but enough to provide an unwelcome shock to the fragile economies of the east German länder.

The crisis in the Soviet Union looked likely to [illegible] substantially the D-Mark. A depreciation of [illegible] German currency would [illegible] of imported goods, adding [illegible] inflation and [illegible] pressure on the Bundesbank to [illegible]. The German currency fell from DM1.82 against the dollar in the early hours of Monday to DM1.76 by the close of trading in New York. Only concerted central bank intervention prevented a sharper depreciation.

Only four days before the coup attempt, Mr Helmut Schlesinger, the Bundesbank president, increased the discount rate by 1 per cent and the Lombard emergency funding rate by 0.25 per cent to try to control inflation. He stated the German central bank was committed to maintaining a strong currency to fight inflation.

Other fears were more disparate. For example, bund dealers cited the fear of a fresh wave of immigration. The German economy is already struggling to [illegible] east [illegible]. There are up to 8m [illegible] who can claim German descent.

[illegible] to [illegible] that 273,000 Soviet troops are still stationed on German soil and the emotional capital invested by many Germans in perestroika – the policy which had [illegible] reunification.

Against [illegible] background a one-point fall in cash bund prices [illegible] Monday appeared controlled. Moreover, bond prices promptly recovered one third of a point on Tuesday and half a point on Wednesday as it became clear the coup attempt had failed. By Thursday the bund market [illegible] focusing once again on domestic economic fundamentals.

[illegible] no [illegible] data last week, but analysts are anticipating con[illegible] price [illegible] data [illegible] August. A monthly increase in prices of 0.3 per cent for a year-[illegible] of [illegible] per [illegible] is anticipated, against 4.5 per cent in July. [illegible] expectations are matched, bund prices are expect to move higher.

There was even cautious optimism the coup attempt and its eventual failure will benefit the bund market by:

- Reducing the threat of further political upheaval in eastern Europe. Many institutions have been tentative in committing funds to the German market, despite persuasive arguments in terms of economic fundamentals, because of the perceived danger of unrest in the Soviet Union.
- Forcing other western nations to step-up aid to the ailing Soviet economy. Germany has provided DM60bn of aid since 1989.

Simon London

هكذا من الأهل

FT/AIBD INTERNATIONAL BOND SERVICE

DEUTSCHE MARK STRAIGHTS	Issued	Bid price	Chg on week	Yield
BAPROVEN 11 1/8 95	200	102	[illegible]	10.48
BULGARIAN TRADE BK 8 1/2 96	200	81½	[illegible]	13.94
DEUTSCHE BK FIN 5 5/8 96	750	87⅝	[illegible]	8.92
DEUTSCHE FINANCE 7 1/2 95	1000	97⅛	[illegible]	8.48
EIB 5 3/4 98	400	85½	[illegible]	8.72
EIB 6 7/8 95	300	92⅝	[illegible]	8.96
EUROFIMA 6 1/4 98	400	87⅜	[illegible]	8.66
FERRO DEL STAT 5 3/8 93	500	95¼	[illegible]	9.21
FIRST INTERSTATE 5 3/4 96	100	82¼	[illegible]	10.37
ILO BK JAPAN FIN 5 5/8 96	200	87	[illegible]	9.15
IND DEV BK INDIA 6 3/8 94	200	87⅞	[illegible]	11.09
LUFTHANSA INT FIN 5 7/8 98	500	84⅞	[illegible]	8.98
NAT BK HUNGARY 8 96	300	90⅝	[illegible]	10.42
QUEBEC HYDRO 6 3/4 99	500	88	[illegible]	8.98
SWEDEN 6 1/8 98	300	[illegible]	[illegible]	8.83
VENEZUELA 8 1/4 93	100	[illegible]	[illegible]	10.45
WORLD BANK 0 15	2000	[illegible]	[illegible]	7.79
WORLD BANK 5 3/4 96	300	[illegible]	[illegible]	8.95
WORLD BANK 7 1/8 95	500	[illegible]	-1⅛	8.64

EQUITY WARRANTS	Expiry Date	Bid price	Chg on week	Prem
ASAHI GLASS	25/06/98	16¼	[illegible]	
CANON	24/05/96	14½	[illegible]	13.99
FUJITSU	20/09/95	[illegible]	[illegible]	58.10
HINO MOTORS	06/07/94	3½	[illegible]	53.49
KOBE STEEL	12/06/96	7½	[illegible]	23.94
MITSUBISHI EST	11/03/94	[illegible]	[illegible]	
MORINAGA	13/06/95	3	[illegible]	
NICHII	17/02/93	16½	[illegible]	12.38
NICHIREI CORP	11/06/98	[illegible]		79.91
NIPPON COMSYS	31/01/95	15⅞	[illegible]	17.69
NISSHIN STEEL	19/04/96	10½	-2⅝	14.67
ROYAL HOTEL	14/03/95	5½	[illegible]	47.56
SMC	25/07/95	9½	[illegible]	22.91
TAKASHIMAYA	02/[illegible]	10⅝	-1⅛	
TOYO SASH	27/[illegible]/93	16½	[illegible]	13.02
UNITIKA	20/07/93	1½	-1⅛	42.68
		[illegible]		75.82

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless [illegible] Margin above six-month offered rate for [illegible]. C.cpn = Current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on August 23

INTERNATIONAL CAPITAL MARKETS

SYNDICATED LOANS

BP renegotiates its standby credit facility

BRITISH Petroleum has renegotiated its standby credit facilities, reducing both the number of banks involved and the total amount from \$6.5bn to \$4bn.

The decision – [redacted] last week – reflects BP's concern that it was proving too expensive to maintain such a large standby credit facility.

At the same [redacted] it wished [redacted] channel its business through [redacted] smaller number of relationship banks.

BP originally had \$6.5bn [redacted] bank loans at its disposal, consisting of the following:

- A \$1.5bn loan arranged in 1985, due to mature in 1992;
- A \$2bn loan set up in 1986, maturing at the end of 1993; and
- [redacted] \$3bn loan arranged in 1988 with a maturity of February [redacted]

BP has cancelled the \$1.5bn and the \$3bn credit facilities, while keeping open \$850m [redacted] the \$2bn loan which has the maximum maturity. (The \$2bn loan was acquired by BP in [redacted] when it took over the minority 45 per cent [redacted] in Standard Oil, the US oil [redacted]pany.)

In addition BP has taken on a new five-year facility for \$3.15bn, to give a total committed standby credit of \$4bn.

BP says the loans have been negotiated as a series of separate bilateral lines with identical documentation but varying payments to the banks involved.

The pricing, which has not [redacted] disclosed, is related to the individual banks' participations in the previous credit facilities. [redacted] said [redacted] to renegotiate its credit facilities well ahead of the maturity dates to obtain better terms.

The main reason for the cut in its credit facilities is that BP does [redacted] plan any large acquisitions in the immediate future.

Originally, its \$3bn facility, established in 1988, had been intended to provide acquisition financing. It was used to provide bridging finance in 1989 when BP was forced to buy back 11.7 per cent of its own shares from the Kuwait Investment [redacted] – although the credit facility was later topped up from other sources, according to BP.

Pricing has increased considerably since then and BP now believes it can reduce its costs (in terms [redacted] commitment [redacted] by reducing [redacted] total size of the standby credit.

BP [redacted] reduced the number of banks, from 67 to 27, on the new \$3.15bn financing. BP prefers to use a small [redacted]ber [redacted] relationship [redacted] this has the advantage of simplifying the administration of loans and is less time-consuming.

Other bankers point out that the \$7.6bn refinancing of News Corporation, the Australian media group, earlier this year was greatly complicated by the fact that 146 international banks were involved in lending to the group.

- This week there has been doubt over whether National Bank of Hungary would go ahead with the signing of a \$140m five-year syndicated loan [redacted]t arranged by [redacted] long-term Credit Bank of [redacted]

However, with [redacted] the coup in the USSR and the reinstatement of Soviet President [redacted] signing took place [redacted] Friday.

The loan is split [redacted] tranches: [redacted] Y4bn fixed-rate loan priced [redacted] 75 [redacted] points [redacted] Japanese yen long-term prime [redacted] (LTPR) and fixed [redacted] drawdown; a Y4.13bn floating-rate loan priced at 75 basis points [redacted] Japanese [redacted] LTPR [redacted] reviewed semi-annually; and an \$81m floating-rate loan which [redacted] priced [redacted] 137.5 [redacted] points over the US dollar six-month London inter-bank offered rate (Libor).

Sara Webb

EUROMARKET TURNOVER (\$m)

Primary Market	Straights	Conv	FRN	Other
[redacted]	[redacted]	0.0	560.0	18,719.3
Prev	902.8	[redacted]	0.0	10,551.2
Other	1,421.0	[redacted]	227.4	7,104.9
Prev	778.8	3.6	106.6	6,108.9
Secondary Market				
US\$	19,702.5	[redacted]	5,251.3	[redacted]
Prev	14,153.0	[redacted]	5,579.2	9,471.1
Other	26,392.2	[redacted]	3,511.5	90,163.4
Prev	32,360.7	[redacted]	2,842.9	94,744.9

	Cedel	Euroclear	[redacted]
US\$	16,667.8	33,313.1	[redacted]
Prev	15,873.8	31,251.0	[redacted]
Other	29,854.2	59,739.0	69,593.2
Prev	33,[redacted]	[redacted]	[redacted]

Week to August 22, 1991 Source: AIBD

INTERNATIONAL BONDS

Latin American borrowers set to re-enter the market

THE improving perception of [redacted] American debt received a further boost last week, when Brazil's latest debt restructuring plan [redacted] from [redacted] bankers.

The move should help the swell of Latin American borrowers returning to the international capital markets to gain further impetus. According to research by Salomon Brothers, capital flows into Latin America grew from \$5bn in 1989 to over \$13bn for 1990.

[redacted] borrowers [redacted] the forefront of the return to international markets. Mexico and Venezuela have already rescheduled their debts under the Brady plan, but, with Bra[redacted] and Argentina both widely expected to reach agreement with their banks by the end of the year, more borrowers are set to re-enter the [redacted]

"Mexico and Venezuela reached agreement first; then the deals started coming. With Brazil, the [redacted]" pointed out one banker, highlighting the acceleration in the sector's rehabilitation.

Brazil's credit-worthiness [redacted] been steadily improving, as the coming rescheduling has been increasingly discounted by the market. Brazil's outstanding debt is now trading at about 38 cents in the dollar, against just 27 [redacted] months ago.

Petrobras, Brazil's state oil company, has completed two financings in recent [redacted] A debut two-year [redacted] launched in July was priced [redacted] yield spread of more than 600 basis points above the comparable Treasury. But [redacted] \$200m five-year Eurobond via J.P. Morgan last week was priced to yield some 500 basis points over the comparable government bond.

Meanwhile, Brazil's state iron ore company CVRD – Compania Vale do Rio Doce – is believed to be working on a three-year deal, expected to total around \$200m. The mandate for that deal, likely to carry a 12 per cent coupon, is expected to go to Citicorp. However, bankers note the mandate could prove politically sensitive, since Citibank heads the bank advisory committee which is negotiating Brazil's rescheduling.

Argentina, which may reach agreement on its debt rescheduling as early as this autumn, is expected to return to the international capital markets in September. The Republic of Argentina is planning a \$100m issue maturing in two years, with a put option after one year. J. P. Morgan is arranging the deal.

In addition, several [redacted] sector Argentine companies – some of which may be able to raise cheaper funds than the government – are looking at the [redacted] Compania Naviera Perez Companc, a privately owned oil and bank holding company, is believed to [redacted] planning a \$100m deal via Chase Investment Bank.

Meanwhile, [redacted] Venezuela are likely to provide a further supply of paper.

Mexico in particular has [redacted] able to attract fresh investment in its debt. Mexican companies' foreign debt has risen from \$1.5bn to \$7bn in seven months.

As well as more bond issues, several Mexican companies are also planning to set up Euro-c[redacted] paper programmes. Until now, [redacted] companies have focused [redacted] [redacted] bond issues, because they have been able to raise short-term funds in their domestic market from banks. However, a recent change in regulations [redacted] imposed reserve requirements on banks issuing certificates of deposits – which [redacted] the [redacted] funding. Consequently, [redacted] cost of short-term debt in the domestic market has risen and [redacted] companies such as Pemex, the state oil company, are said to be setting up com[redacted] an alternative [redacted] short-term funding.

The diversification in maturities is likely to be matched by increasing [redacted] in currency sectors. So far, [redacted] American [redacted] been denominated in dollars (although there have [redacted] issues in D-Marks, [redacted] Schillings, [redacted] well). The Swiss franc market is likely to be tapped and more deals in Ecu may also be on the cards.

Following two Venezuelan [redacted] week, one [redacted] which was for the Republic, a further issue is in the works. Petroleos de Venezuela, the Venezuelan oil company, is said to be preparing to launch a \$230m to \$250m five-year Eurobond. The deal is believed to refinance [redacted] bridge financing [redacted] Bankers Trust is said to be arranging the deal.

These four countries – [redacted] Venezuela, Brazil and Argentina – still provide the focus for most bankers' efforts, although some banks are also looking at the more limited opportunities in Uruguay.

There [redacted] speculation that Chile may enter the market. The main reason Chile has been absent so far is that its [redacted] market provides companies with longer-dated and cheaper financing than they could [redacted] tional markets. However, the improving perception of Latin American risk has helped to [redacted] kets more competitive.

Already, the rehabilitation of Latin American debt, now a popular source of high-yielding [redacted] for European investors, [redacted] surprisingly swift. But some bankers say the strong performance of existing deals may be leading some borrowers to become over ambitious in their funding targets. "Pemex (Mexico's [redacted] oil company) bonds have performed very strongly in the secondary market. But that is largely because they are very tightly held by retail investors," one banker said.

Most borrowers in the sector are rated below investor grade by the credit agencies. This is, in fact, part of the reason for their [redacted] return. The deals emerged at a time when the demise of the junk bond market in the US had left a gap for high-yielding securities and the economic recession ravag[redacted] developed [redacted] enhanced the attractions [redacted] improving Latin-American credit.

But the sine qua [redacted] such deals is still a high coupon, and over-aggressive pricing may [redacted] investors [redacted] search [redacted] other high-yielding [redacted]vestments.

Bankers also insist that only very solid borrowers will be successful. "It's not a free-for-all," cautioned one banker. "In almost [redacted] instance, only the best names are able to come."

Tracy Corrigan

BRAZIL'S FOUR-PART DEBT RESTRUCTURING PLAN

- Conversion of registered debt into 30-year par bonds paying reduced 4.6 per cent coupon
- [redacted] of existing debt at discount of 37.5 per cent for 30-year debt paying Libor + [redacted]
- \$33 of new money bonds for every \$100 of existing debt
- Temporary interest reduction bonds of 25 years with 15 years grace; and 15 years with 10 years grace

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Sakai Chemical Ind.(a)♦†	100	1995	[redacted]	4⅝	100	Nikko Secs.	[redacted]
[redacted]ro SA(b)†	200	1996	5	10	[redacted]	JP [redacted]	[redacted]
Mitsubishi Estate Co.†	200	2001	10	8⅝	100	[redacted]	[redacted]
SBC Finance (Cayman Is.)†	[redacted]	1996	5	7¾	[redacted]	[redacted]	[redacted]
Republic of Venezuela†	[redacted]	1996	5	9¾	100¾	Bankers [redacted] Int.	[redacted]
[redacted]ational(d)†	[redacted]	[redacted]	2	9	98.614	[redacted]	[redacted]
[redacted] International(e)†	[redacted]	[redacted]	5	10	[redacted]	Chase Investment Bk	11.514
[redacted] Bk [redacted]	250	1995	4	7¼	[redacted]	Deutsche Bk Cap.Mkts.	6.978
STERLING							
Thames Water(g)§†	[redacted]	2006	15	8½	100	CSFB	[redacted]
Gen.Elec.Cap.Corp(i)†	50	1997	5½	[redacted]	102.475	Hambros [redacted]	[redacted]
[redacted]							
Daimler-Benz Nth.America†	[redacted]	[redacted]	5	9⅛	[redacted]	[redacted] Bk Cap.Mkts.	[redacted]
CANADIAN DOLLARS							
[redacted] Power Devt.Corp†	150	2001	10	10⅛	99.40	IBJ Int.	10.475
Prudential [redacted] Corp†	125	1996	5	10	101.425	Hambros Bank	9.628
Prov.of New[redacted]	200	[redacted]	[redacted]	10⅛	101⅞	ScotiaMcLeod	9.791
SWISS FRANCS							
Electricite De France(h)†	100	2002	-	6⅝	101⅝	UBS	6.415

Borrowers	Amount m.	Maturity	[redacted]	Coupon %	Price	[redacted]	[redacted]
[redacted]							
Den [redacted] Bk†	300	1996	5	9¼	[redacted]	Den [redacted] Bk	9.233
[redacted]							
[redacted]	20bn	1999	8¼	7⅛	[redacted]	[redacted] Int.	[redacted]
Trips [redacted] T(c)†	[redacted]	(c)	[redacted]	7.55	101⅝	Toyo [redacted] Int.	(c)
Japan Development [redacted]	120bn	2001	10	6½	[redacted]	[redacted]	6.577
[redacted] Corp†	20bn	1998	7¼	7.10	101½	[redacted] Int.	[redacted]
[redacted] Corp†	10bn	1999	7¼	7.10	101⅝	[redacted]	6.829
[redacted]	25bn	1998	7	6½	[redacted]	[redacted] Int.	[redacted]
[redacted]							
[redacted] Int.SA(f)†	2bn	1999	8	9½	[redacted]	KBL	[redacted]
[redacted]	600	1996	5	9⅝	[redacted]	BGL	[redacted]
[redacted] of Finland†	600	1998	7.167	9½	101¼	Bque.Paribas (Lux.)	[redacted]
Accor★★†	[redacted]	[redacted]	6	9½	101.85	Credit European	9.067
Credito Romagnolo★★†	[redacted]	[redacted]	7	9⅝	102⅛	Cregem Int.	9.200
[redacted] Bank★★†	300	1997	[redacted]	9½	102¼	[redacted]	8.987

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. ⊕Variable rate notes. †Final terms. a) Exercise premium fixed at 2.5%. [redacted] b) Puttable 12/9/94 at [redacted] to yield 12½%. [redacted] 12/9/93 at [redacted] to yield 12¼%. Coupon payable semi-annually. c) 2 tranches: Tranche A – Y2bn, maturity 23/4/95. Ave. life 3½ years. [redacted] 7.011. Tranche B – Y1.5bn, 8/8/95, [redacted] years, 7.057. Non-callable. d) Coupon payable semi-annually. Non-callable. e) Coupon payable semi-annually. Callable 9/9/94 at 99.57589% and 9/9/95 at [redacted] f) [redacted] on fiduciary basis for Commerzbank AG. [redacted] g) Conversion premium fixed at 14.5%. Coupon payable semi-annually. Callable from 9/96 at par or 88% if converted. h) Callable after 8 years at 100¼%. i) Fungible with existing £100m deal. Non-callable. Note: [redacted] are calculated on AIBD basis.

MANAGEMENT: The Growing Business

In brief...

■ Midland Bank has launched a book-keeping service for small [redacted] which will allow both [redacted] and the bank manager to keep a closer eye on performance.

The service will allow business [redacted] who lack the time or expertise [redacted] do their own books [redacted] reconcile their bank statements, analyse income and spending, compare budgets [redacted] figures and com[redacted] VAT returns.

It is being [redacted] in Derbyshire, north [redacted] London, [redacted]tinghamshire and West Yorkshire and will be extended nationally [redacted]

The [redacted] of the [redacted] [redacted] a month [redacted] with turnover of [redacted] than £250,000. [redacted] advanced package is [redacted] available.

■ [redacted] in [redacted] London [redacted] by the [redacted] to [redacted] use of a Healthcheck Consultancy Service provided by the London [redacted] month.

A number of [redacted] entrepreneurs [redacted] appointed to work as consul[redacted] small [redacted] – [redacted] assess their strengths and weaknesses and help them prepare a plan for their survival beyond the recession.

LEntA will initially offer the service to 25 businesses. It will charge £50 a day compared with the normal consultancy fee of more than £250.

It will also run a series of Business Skills Seminars over the next six months on subjects such as debt collecting, time and stress management, telephone selling and marketing. Cost of the seminars is £50 a day or £80 for two days.

Contact LEntA business advice line, Tel 071-236 3000.

■ Financial advisers spend [redacted] working [redacted] advising others [redacted] how to [redacted] affairs but are not always [redacted] good at running their own businesses. A new guide* specially designed to help financial advisers sets out [redacted] help them with their planning.

[redacted] guide, produced by Origo [redacted], a joint [redacted] company owned by more than 20 large [redacted] assurance companies, [redacted] the business reviews its current position before setting objectives [redacted] development.

**Planning* [redacted] *development.* [redacted] *iot-Watt Research Park, Edinburgh EH14* [redacted] *Tel 031-451 5181. 20 pages.* [redacted]

The UK is considering emulating continental chambers of commerce. **Ronald van de Krol** reports from Amsterdam

A one-stop shop with ever more customers

Jacob Bevaart (left) and Robert de Vilder: 500 phone [redacted]

Every small businessman and woman in the Netherlands [redacted] where to find the local chamber [redacted] commerce and industry. They have no choice – registering with [redacted] local chamber [redacted] commerce is compulsory, so a short visit [redacted] one [redacted] the [redacted] concrete [redacted] budding entrepreur will take in launching a new business.

Dutch chambers of [redacted]merce do more for the growing [redacted] than simply register [redacted] details and collect the annual registration [redacted] though [redacted] its main responsibilities as public [redacted]

On top [redacted] their duties in maintaining the trade register, the country's 36 chambers are trying [redacted] develop into "one-stop" advice [redacted] for all small [redacted], whether they be a long-established street-corner herring [redacted] a prom[redacted] design [redacted]

The Amsterdam chamber is a prime example [redacted] of [redacted] Netherlands' chambers are trying to [redacted] It [redacted] for [redacted] of [redacted], which [redacted] debating [redacted] give up their [redacted] private-[redacted] organisations [redacted] adopt a system more similar to that of [redacted]

In January [redacted] Amster[redacted] chamber moved [redacted] outskirts of [redacted] city [redacted] accommodation [redacted] railway station. Significantly, [redacted] coincided [redacted] sion [redacted] into [redacted] "Ondernemingshuis" (or enterprise house).

[redacted] Fl [redacted] (£10m) building [redacted] only the chamber of commerce [redacted] of [redacted] registry [redacted] a number [redacted] quasi-public institu[redacted] which specialise in helping [redacted] businesses.

Among the building's other [redacted] the regional office of [redacted] Netherlands Institute [redacted] and Medium-Sized Enterprises; an [redacted] centre", a government-subsidised body which channels technical know-how [redacted] smaller companies; and "Transferpoint", a platform for the transfer of technology [redacted] the city's [redacted] and [redacted]

The first two [redacted] of the chamber's building are open to [redacted] public and [redacted] variety of information [redacted] on how to deal [redacted] at [redacted] or how to [redacted] through Europe's "1992" [redacted] new eastern Europe [redacted] run in conjunction with the Eastern Europe Institute, helps in finding [redacted] partners in [redacted] East bloc.

Help is provided [redacted] or appointment basis. The chamber believes [redacted] new [redacted] has brought [redacted] community, particularly [redacted] small business sector which [redacted] up the bulk of [redacted] city's economy.

"Before [redacted] move [redacted] had [redacted] visitors and 200 telephone *enquiries* [redacted] day. [redacted] we [redacted] visitors and [redacted] calls [redacted] day," [redacted] Jacob Bevaart, [redacted] chamber's secretary-general and in charge [redacted] day-to-day operations.

Outside observers generally [redacted] Dutch chambers have grown [redacted] responsive [redacted] facing small businesses. "Ten [redacted] 15 [redacted] seen as ivory [redacted] took an officious, [redacted] attitude [redacted] smaller busi[redacted]" according [redacted] Han [redacted]son, [redacted] spokesman for [redacted] Businesses. "Today, [redacted] their [redacted] to meet small b[redacted] needs."

[redacted] example, if [redacted] are changes to [redacted] tax system, [redacted] will organise information evenings [redacted] explain the [redacted] rules [redacted] mainly [redacted] women. "Bigger companies [redacted] kind of expertise *in-house*, but [redacted] *companies* will [redacted] to [redacted] for advice," he [redacted]

In Amsterdam, small busi[redacted] – defined [redacted] companies with workforces [redacted] than [redacted] people – [redacted] up [redacted] and 90 [redacted] 60,000 registered companies.

All companies, even [redacted] *operations*, [redacted] required [redacted] reg[redacted] with [redacted] chamber, [redacted] non-profit [redacted] and foundations. Professionals such [redacted] lawyers [redacted] required [redacted] register.

Compulsory registration [redacted] not controversial in the Netherlands, [redacted] even pri[redacted] are required to register [redacted] local council when they [redacted] one [redacted] another. [redacted] organisations, like the [redacted] of [redacted] Businesses (VZO), oppose the [redacted] that most companies are required to submit [redacted] balance sheet and profit-and-loss account to the chamber. "If there are only two printing firms in a village, you can imagine why they're not very happy about having to make public such sensitive, competitive information," [redacted] the [redacted] secretary, says.

Like other Dutch chambers, the [redacted] *is* financially autonomous. Its annual budget of Fl 36m is generated by the annual registration fee, as well as by fees charged for access to its extensive data base of all companies *located in the region.* The annual registration fee starts at around Fl 60 for the smallest *companies* and increases in steps according to a company's capitalisation. The top rate of more than Fl 20,000 is charged to large companies.

The Dutch system lies roughly midway between the voluntary status of UK chambers and the more extensive powers [redacted] the chambers [redacted] France, where [redacted] modern chamber [redacted] commerce [redacted] born during Napoleon's rule.

Although all Dutch companies are required to register with the chamber, they do not all automatically become members. The members are chosen by various industry associations *in the region, with* the actual composition of the general assembly, or parliament, *determined* by the relative weightings of such sub-sectors [redacted] retail trade, services and *industry in the local economy.*

By law, one-third of [redacted] members [redacted] *represent the interests* [redacted] *small* and [redacted]

Perhaps more unusually, a further one-third are appointed by employee representatives, usually the trade unions. It is this elem[redacted] *would probably* be the most difficult to export [redacted] the UK."Our system puts discussions *with the unions* at the beginning of the line and not at the end. It creates con*sensus, not conflict,"* [redacted]

The chamber's role in advis*ing* small [redacted] probably biggest in helping new companies [redacted] the ground. [redacted] least once [redacted] month, it organises evening sessions that provide general information [redacted] starting a business. These are [redacted] by a variety [redacted] courses, such as a two-day ori[redacted] (costing only Fl 50) which covers financing, budgeting and marketing.

For [redacted] small fee, staff at the *small business institute* will look [redacted] entrepreneur's business plan and [redacted] advice. "*After four years,* 60 per cent of our start-up companies are still in operation, putting us above the national average," Bevaart says.

Besides serving as the location for the trade register and as a cen[redacted] for business information, the Amsterdam chamber plays a *big* role in lobbying the city government [redacted] moting the local economy.

Its part-time chairman, *Robert de Vilder, who is man*[redacted] Bekouw, [redacted] *the chamber's voice* [redacted] heard loudly and clearly [redacted] such matters as road infrastructure and crime prevention. The Dutch system enables business to wield its influence with government.

[redacted] their power could be enhanced if the number [redacted] chambers in the Netherlands were cut from 36 [redacted] by enlarging the [redacted]graphic reach of each chamber. (The British chambers, too, are seeking to create [redacted] network of [redacted] but larger chambers, though their prime motivation is to make [redacted] better use of their [redacted] limited financial resources.)

Currently, for example, Amsterdam's [redacted] Airport does not fall under the Amsterdam chamber but the one for [redacted] At the same time, the *North* [redacted] *which links* the port of Amsterdam and the North [redacted] cuts through the *territory of other chambers,* fragmenting efforts to promote the port.

"There are [redacted] different chambers in Noord-Holland province. I think that that could be brought back to two or three," de Vilder says.

Do-it-yourself tax for self-employed

David Waller on an *Inland Revenue revolution*

Major [redacted] in the taxation of small businesses lie ahead.

Th[redacted] Inland Revenue has launched [redacted] consultative document* in which it proposes simplifications of [redacted] tax [redacted]tem for the 3.5m self-employed people in the UK. This will affect all who pay tax under Schedule D, from the proverbial window-cleaner to [redacted] partner in a firm [redacted] solicitors.

The latest proposals follow on from another consultative document, published in Febru[redacted] year, in which the Revenue detailed its plans for a "Pay-and-File" system for all 900,000-plus companies in the UK. All incorporated businesses paying corporation tax will be affected.

It will be some time before these proposals [redacted] into [redacted] Pay and File in late 1993 and the simplified system for the self-employed not before 1995-96 at the earliest.

Nevertheless, the changes are not far short of revolutionary and are worth coming to terms with now as the administrative burden of the change will fall heavily on the small *business sector.*

Under Pay and File, a company will be expected to make and pay its own estimate of its corporation tax liability by the normal due d[redacted], nine months after the end of the accounting period. The liability will arise automatically and the com[redacted] will not have the scope to defer settlement, as now. There will be no need to wait for the inspector's assessment, nor will the liability have to be agreed with him or her.

The [redacted] D proposals are similar insofar as they move the responsibility for assessing the tax liability from the Revenue [redacted] the taxpayer.

The prior-year basis [redacted], which is central to the current system and [redacted] rise to [redacted]ve [redacted]plexity, will be eradicated. The rules will be clearer and the taxpayer's responsibilities will be more clearly defined – leaving far less [redacted] for the exploitation [redacted] loopholes in order to defer payment.

On the face of it, these reforms look wholly positive; they will make tax a lot simpler for the self-employed and for companies. In theory, the initiatives ought to reduce the need fo[redacted] dealings with both tax accountants and tax inspectors. But, according to Roger White, [redacted] *of tax* [redacted] KPMG Peat Marwick, the reality may be somewhat different.

"The Pay and File system will bring [redacted] of anguish in the [redacted] years," [redacted] White. "People have never had to [redacted] absolute decisions on the extent of their tax liabilities. The traditional approach is dilatory and people have had the benefit of not having to comply with strict deadlines.

"There will be a major behavioural change; everyone will simply have to do something every year. [redacted] moment, providing you pay a certain amount of tax on the due date, you can carry on for years before you finally agree your tax liability."

White predicts, no doubt with a certain amount of relish, that companies are likely to require more help from their accountants rather than less as the new regime takes effect in October 1993. "Companies won't be able to adhere to the new deadlines," he says. "They won't have the systems to provide the necessary flow of information."

He says most companies' tax affairs are like an untidy garden, with weeds in the flowerbeds and an uncut lawn. The new rules will oblige corporate gardeners to cut the lawn and keep the flowerbeds in order. Many will not be able to cope. The analogy applies equally to the 3.5m self-employed, whose tax affairs are likely to be even more ramshackle.

He advises companies to take steps to get their tax administration in order before the new regime comes into effect. The self-employed have more time, and need not worry *about the reforms for a number* of years though they too should be giving thought to the changes which will start to take effect in the mid-1990s.

**A Simpler System for Taxing the Self-Employed, available from the Inland Revenue Reference Room, Room 8, New Wing, Somerset House, London WC2R 1LB. The price is £4 including* [redacted]*ge and cheques should be* [redacted] *out to the INLAND REV*[redacted] *in block capitals.*

[illegible] FOR SALE

SUPERWOOD

(Irish Operations)

For sale, the business and assets associated with the Irish operations of the Superwood Group which manufactured

- **Superwood Solid Plastic Products**
- **Superflow Process Machinery**

The manufacturing facilities which are located 12 miles from Dublin at Bray, Co. Wicklow comprise Granulation, Moulding and Fabrication plant for the production of a range of solid plastic products from recycled waste material.

The Superflow Process machinery design and assembly facilities are also available.

Land and buildings which are freehold include c.24,000 sq. ft. of factory, warehouse and office space on a site of c. 3 acres.

A skilled and experienced workforce is available.

ENQUIRIES TO:

John Donnelly F.C.A., Receiver & Manager, Superwood Limited (In Receivership), Deloitte & Touche, 43-49 Mespil Road, Dublin 4, Ireland. Telephone: Dublin 604400 Fax: Dublin 606688.

Deloitte & Touche

Chartered Accountants

Touche Ross

Duffields Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets [illegible] this Salisbury based company.

- ☐ Retailer of m[illegible]rcycles, ATV's and lawnmowers established for 26 years.
- ☐ Dealerships with Honda, Kawasaki, Suzuki, Yamaha and other bluechip franchises, subject to agreement.
- ☐ Busy spares and workshop operations.
- ☐ The company operates from modern showroom and workshop premises (17,000 sq. ft.) at a prime retail location.
- ☐ Turnover approximately £2m.

For further particulars, please contact the Joint Administrative Receiver, Harold Wilks at the address below, [illegible] Siobhan O'Donoghue on 0722 339300.

Carlton House, Carlton Place, Southampton SO1 2DZ.
Tel: 0703 334124. Fax: 0703 330724.

DRT International

[illegible] by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Sports Nationwide Ltd

(In Administration)

EAST OF ENGLAND ICE RINK, Peterborough

The company operates from fully equipped leasehold premises.

- Freehold car park
- Annual turnover circa £¾ m
- Business established 1981
- Home of Premier League ice hockey team

For further details, contact the Joint Administrators, Geoffrey Harrison or Andrew D Conquest, Grant Thornton, Crown House, Crown Street, Ipswich IP1 3HS.
Tel: (0473) 221491.
Fax: (0473) 230304.

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Re: Kibbi & Company Limited
FOOD PROCESSING PLANT

Trading from Leasehold premises in Runcorn, Cheshire.
All Enquires:
A.H. Tomlinson Esq A.C.A., Liquidator of Kibbi & Company Limited
Halpern, Woolf & Partners Accountants,
Barclay House, 35 Whitworth Street [illegible], Manchester. M1 5NG.
Tel: 061-236 8497 Fax: 061-236 6590

FOR SALE
U.S. TURF EQUIPMENT SALES & SERVICE BUSINESS

2 retail locations in Palm Beach County, FL. Assets @ cost, $850 M, plus Real Estate, $750 M; Approx $1 MM Sales in 1990; Purchaser can qualify for Immigration.

Principals only. Fax: (407) 689 9468

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33,000 sq.ft. on [illegible] acres. Freehold warehouse and offices, Caerphilly, South Wales. Suit single occupier with additional opportunities for Subdivision/Development. Offers on £500,000

. S.T.C. Gransley JR Eve 0272 277778 Ref PAH

PROFITABLE AND SUCCESSFUL

Jewellery Manufacturing Company t/o in excess of £700K. Easily relocated or with leasehold premises

. Write to Box H9596, Financial Times, One Southwark Bridge, London SE1 9HL.

Aviation Airspray Limited

The Joint Administrative Receivers offer for sale the business and assets of the above company

- Purpose built (9,600 sq ft) hangar
- Fully equipped with modern plant for spraying and refurbishment of helicopters and light aircraft
- Long leasehold
- Based at Shoreham Airport, Sussex
- Prestigious customer list

For further details please contact the Joint Administrative Receivers:

Nigel Ruddock and Ipe Jacob

ROBSON RHODES

The Galleria, Station Road, Crawley, West Sussex RH10 1HY.
Telephone: 071-865 2655 Fax: 0293 521737

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

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[illegible] MILLION [illegible] YR. POTENTIAL OPPORTUNITY: LEISURE GARDEN CENTRE FOR SALE

Successful building contractor has aquired PRIME SITE IN RES area in West London secure 20 yr. lease of approx. 16½,000 sq. feet Railway arches have been refurbished and in full operation as *Leisure Window, Door & Timber sales center for 1 year. Principal* has contracts with American Leisure co. for exclusive distribution of comprehensive line [illegible] various LEISURE [illegible] ie. CALIFORNIA [illegible] SPAS & HOT TUBS, SMALL ACRYLIC SWIMMING POOLS 10' x 15' etc. along with ancillary Leisure products.

This site is ideal for a light manufacturing facility as well as the existing use, Exclusive distribution rights also include a supply of moulds to fabricate acrylic Spa shells for leisure products., which *could be set up for light manufacturing and fabrication* within 30 days of acquisition of site and lease. American Leisure Co. will supply full training and ongoing support, for fabrication as well as promotion and marketing.

Personal family situation necessitates sale of lease on this Prime Site, which is in fully operating order Phone, Fax etc. Asking price *for assignment of lease* £175,000. For quick sale owner is prepared to INCLUDE DISTRIBUTION CONTRACTS [illegible] American Leisure Product suppliers. Estimated [illegible] of distribution contracts £100,000.

***Principals only apply to* O.P. BERENSON *Fax:* 071 437 4541.**

Touche Ross

Colmore Press Limited
Colmore Press (Stationers) Limited
and Associated Companies

(All in Administrative Receivership)

The Joint [illegible] Receivers, N. R. Lyle and D. L. Morgan, offer for [illegible] the goodwill [illegible] of [illegible] above printing and stationery supply company.

- ☐ Specialists in the printing of Annual Reports.
- ☐ Freehold and leasehold premises in South London.
- ☐ Fully equipped printing works.
- ☐ Turnover £1.9 million per annum.
- ☐ 35 employees.

For further information, please [illegible] Quartermain [illegible] Ian Little at the address below.

PO Box 810, Friary Court, 65 Crutched Friars, London [illegible]
Tel: 071 936 3000. Fax: 071 480 6981.

DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

PUBLIC NOTICES

IN THE MATTER of ESLEA HOLDINGS PTY LIMITED AND IN THE MATTER of THE COMPANIES (SOUTH AUSTRALIA) CODE

The creditors of the abovenamed company are required on or before 20th October 1991, to prove their debts or claims and to establish any title they may have to priority by delivering or sending through the post to the Scheme Administrator at the undermentioned address an Affidavit verifying their respective debts or claims, in default they will be excluded from the benefit of any distribution made before such debts or claims are proved or such priority is established and from objecting to any such distribution.

Form of proof may be obtained from the undersigned.

DATED this 26th day of August 1991

I.D. FERRIER
Scheme Administrator
C/- Ferrier Hodgson & Co
Chartered Accountants
Level 17
2 Market Street
SYDNEY NSW 2000
AUSTRALIA
Tel: (02) 286 9999
DX: 1122 SYDNEY

FH

[illegible]

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS DAVID SWADEN FCA & DERMOT J POWER FCA IN THE MATTER OF ALTOPRINT LIMITED T/A

PUBLICITY PRINT SERVICES

Offers are invited for the business and assets [illegible] the above company. Its main activity is printing and publishing, specialising in the design and production of glossy covers and brochures.

- Brand new purpose-built freehold factory premises near Wigan, Lancashire.
- Substantial new high-technology machinery.
- Annual turnover approaching £1 million. • Long history of profitability.

Enquiries should be addressed to Charles MacMillan at:

Leonard Curtis and Partners, Chartered Accountants

Peter House, Oxford Street, Manchester, M1 5AB
Tel: 061 236 [illegible] Fax: 061 228 [illegible]

FRENGER EUROPE LIMITED

The Joint Administrative Receivers of this well known West London Specialist Heating Equipment Company supplying to commercial and public sector offer the following assets of the business for sale:-

- Patents and licences with respect to the specialist heating products
- Substantial contracts, work in progress and order book
- Turnover approx £2m.

Interested parties should contact the Joint Administrative Receivers.
Reference: L3366. Telephone: 071-267 4477
Telefax: 071-485 [illegible]

LEVY GEE

CONTRACT FLOCK COATERS

The Joint [illegible] Receivers of Colourtrim [illegible] for sale the [illegible] as a going concern, including:

- 21,000 sq. ft. modern [illegible] factory, in Hartlebury, Worcs.
- Inventory – including flocking [illegible]
- Goodwill – including specialist techniques.
- Experienced [illegible] committed workforce.
- Valuable order book, largely for [illegible] automotive industry.
- Appropriate plant and machinery.
- Projected turnover in year [illegible] 31.8.92, £600,000.

For further information please contact Lee Manning or Andrew Duncan,
Buchler Phillips & Co, 84 Grosvenor St, London W1X 9DF.
Telephone 071-493 2550.
Facsimile 071-629 9444.

BUCHLER PHILLIPS & CO.

SECURITY COMPANY

Well [illegible] guarding [illegible] with turnover [illegible] £4 million for sale.

Write to Box H9621, [illegible] Times, One Southwark Bridge, London SE1 9HL.

JESMOND PARK NURSING HOME
JESMOND, NEWCASTLE UPON TYNE

- Purpose built luxury nursing home in 1.5 acres
- 82 single bedrooms, 21 en suite
- Adjacent to Nuffield Hospital
- Sought after and expensive residential area
- Current fee range £280 - £350 p.w.
- Price guide £2.2m

[illegible] further details
Contact DAVID [illegible] COMPANY (Chester)
Tel No: [illegible] Fax No: [illegible]

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS KEITH [illegible] GOODMAN FCA & K. PAUL BARRY FCA IN THE MATTER OF

P & L PACKAGING LTD
P & L POLYTHENE LTD
P & L PACKAGING (MACCLESFIELD) LTD

Offers are invited for the customer list and a small quantity of associated assets of this well known plastic bag wholesaler and supplier. The list is in excess of 4000 Live Accounts who purchase waste and other plastic bags.

Enquiries should be addressed to:
Leonard Curtis & Co, Chartered Accountants
30 Eastbourne Terrace, London W2 6LF
Tel: 071 [illegible] Fax: 071 723 [illegible] 3 / DM

FOR SALE
THERMAL INSULATION/CLADDING CO

A fantastic opportunity to acquire a profitable company with an excellent name in the market. Own product range.
All offers to be considered.
Turnover £950K GPBT £220K
Enquiries to: ROSEHILL, LYDIATE, Merseyside L31 4JF
Tel: 051 526 4008, Fax: 051 526 1673

A. ANTHONY ASSOCIATES

FOR SALE
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A superb opportunity to acquire a well invested company with excellent orders. The company operates in world markets from the North West and has enjoyed an impressive growth rate. Excellent asset base.

Turnover c£2m GPBT c£500K
All forms of proposal to be considered.
Details from Agents:-
Address: Rosehill, Lydiate, Merseyside, L31 [illegible]
Tel: 051 526 4008, Fax: 051 526 1673

A. ANTHONY ASSOCIATES
CORPORATE FINANCIAL PLANNING

BUSINESS WANTED

PACKAGING DISTRIBUTOR

Substantial Foreign Investment group looking [illegible] acquire small [illegible] medium [illegible] packaging distributor. Must have an established sales force in the polythene carrier bag market. Desired location in or within 20-25 miles of London. Interested parties contact Mr R [illegible] 58 Acacia Road, London NW8.

Telephone - 071 722 7547 Fax - 722 7349.

PLC is interested in acquisition of small companies. Especially plastic moulding or niche textile businesses.

Details to Box H9623 Financial Times, One Southwark Bridge, London SE1 9HL

International investment bank wishes to acquire a majority stake in an institutional fund management company:

- either generalist or specialist
- £500m to £1.5bn under management
- UK Based

Write to: Box No: H9619 Financial Times, One Southwark Bridge, London SE1 9HL

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Dedicated Unix software house and authorised distributor for leading workstation manufacturer. Present [illegible] for whom this [illegible] not core activity would consider sale of all [illegible] part of this developing business located in an area of strong commercial and energy related business activity.

Write [illegible] *H9618*, Financial Times, [illegible] Southwark Bridge, LONDON. SE1 9HL

NATIONWIDE MOBILE VEHICLE VALETING CO

with substantial potential. Independent operation or [illegible]uld [illegible] with existing business in car prod[illegible] and/or services market T/O £2.3m. Principals only.

[illegible] H9617, Financial Times, One Southwark [illegible] SE1 9HL

FOR SALE IN PROVENCE

A small [illegible] active squash [illegible] in the principle walled city of the Vaucluse. Not a multi-million pound business but an assured income with further property development potential.
For sale freehold.

Telephone: 081 769 1973

LEGAL NOTICES

CAPEG COMPAGNIE D'ACTIVITES PETROLIERES AU GABON LIMITED

(Registered in England, No.2164867)

[illegible] is hereby given, in accordance with [illegible] 175 of the Companies Act 1985, that by a written Special [illegible] 20th August 1991, the above named [illegible]pany as approved a [illegible] out of [illegible] for the purpose of acquiring 10,962,5[illegible]nary Shares of £1 each in its own [illegible] share capital.

The amount of the permissible capital payment for the shares in question is £10,962,586. The statutory declaration and auditor's report, required by Section 173 of the Companies Act 1985, are available for inspection at the registered office of the Company, The Glassmill, 1 Battersea Bridge Road, London SW11 3BG, England during the 5 [illegible] peri[illegible] commencing 20th August 1991. Any Creditor of the Company may at any time within the above mentioned 5 week period apply to the Court under Section 176 of the Companies Act 1985, for an Order prohibiting the payment.

Clifford Chance,
Royex House
Aldermanbury Square
London EC2V 7LD

Solicitors to the Company

22nd August 1991

WARD & COMPANY (BIRMINGHAM) LIMITED
W J LEECH (BIRMINGHAM) LIMITED
(JOINT ADMINISTRATIVE RECEIVERS APPOINTED)

NOTICE IS HEREBY GIVEN, in pursuance of Section 48 of the Insolvency Act 1986, that a Meeting of Creditors of the above companies will be held at 43 Temple Row, Birmingham, B2 5JT on 4 september 1991 for the purposes mentioned in Section 48 and 49 of the said Act.

A person is only entitled to vote at this meeting if:-

a) details in writing of the debts claimed to be due from the company have been given to us, not later than 12 noon on the business day next before the meeting, and;

b) such claim has been duly admitted, and;

c) there has been lodged with us any proxy which is intended to be used on your behalf at the meeting.

Any creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting.

If you wish to participate in the meeting of creditors, please forward details of your claim against the company(ies) and any proxy which you wish to be used on your behalf, to the offices of Cork Gully at 43 Temple Row, Birmingham, B2 5JT.

In pursuance of Section 48 (2)(b) of the Insolvency Act 1986, any creditor wishing to receive a copy of the Joint Administrative Receivers report should apply in writing to the above address.

Dated this 16th day of August 1991

David R Wilton
Joint Administrative Receiver.

No 007592 of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF THE ALBERT FISHER GROUP PLC
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the order of the High Court of Justice (Chancery Division) dated 29th July 1991 confirming the reduction of the share premium account of the above-named Company from £185,819,311 to £85,819,311 was registered by the Registrar of Companies on 7th August 1991.

DATED 21st August 1991

Ashurst Morris Crisp,
Broadwalk House,
5 Appold Street,
London EC2A 2HA (ref: AJH/0594K)

BUSINESS WANTED

ELECTRONIC SERVICING

U.K. electronics service and *repair company* has the capacity and willingness to [illegible] on new products (price new £300 upwards). Any *marketplace* including industrial [illegible] military. We are willing to [illegible] product training and [illegible] investments.
Why [illegible] YOUR [illegible]

[illegible] PAUL TALBOT
M.D.,
QUALITY ELECTRONIC SERVICES (Q.E.S. LTD)
[illegible] 310154

LEGAL NOTICES

SCHEDULE 2
Regulations 3(2) and 4(2)
PART 1
FORM OF APPLICATION FOR [illegible] PRIVATE ELECTRICITY SUPPLY LICENCE

1. Full name of the applicant(s): UNILEVER U.K. CENTRAL RESOURCES LIMITED.

2. *Address of the [illegible] or, in the case of a body corporate, the* registered or principal office: UNILEVER HOUSE, BLACKFRIARS, LONDON, EC4P 4BQ

3. Where the applicant is a company, the full names of the current Directors *and the company's registered number:* TREVOR CHARLES [illegible], PATRICK HORTON ACHESON-GRAY, MICHAEL GILBERT HERON, CHARLES MILLER SMITH, PHILIP EDWARD MARTIN. [illegible] N[illegible] NO: 29140.

4. Where a holding of 20% or more of the shares (see Note 1) of an applicant is held by a body corporate or partnership or an unincorporated association carrying on a trade or business with or without a view to profit, the name(s) and address(es) of the holder(s) of such shares shall be provided: BLACKFRIARS NOMINEES LIMITED (A WHOLLY OWNED SUBSIDIARY OF UNILEVER PLC).

5. *Desired date from which the licence is to take effect:* 1st OCTOBER 1991.

6. A sufficient description adequately specifying (see Note 2) the nature and situation of the premises intended to be supplied, separately identifying premises within the power bands specified in and to the extent provided by *paragraph 7 below:*
ANY NON DOMESTIC PREMISES OVER [illegible] MW IN THE LICENSED TERRITORY OF THE FOLLOWING PES's: EASTERN ELECTRICITY PLC, *EAST MIDLANDS ELECTRICITY PLC*, LONDON ELECTRICITY PLC, MANWEB PLC, MIDLANDS ELECTRICITY PLC, NORTHERN ELECTRIC PLC NORWEB PLC, SEEBOARD PLC, SOUTHERN ELECTRIC PLC. SOUTH *WALES ELECTRICITY PLC, SOUTH WESTERN ELECTRICITY PLC*, [illegible]IRE ELECTRICITY GROUP PLC; AND IN THE AUTHORISED SUPPLY AREAS OF [illegible] POWER PLC AND SCOT[illegible] *ELECTRIC PLC.*

7. a) Subject to sub-paragraph (b) indicate the total number of premises intended to be supplied in each power band as shown in the table below, together with the aggregate energy forecast to be supplied and the aggregate estimated maximum demand for each power band.
[illegible] If the date in paragraph 5 above is on or after 1st April 1992 then only Power Band [illegible] shall be completed and if the said date is on or after 1st April then this paragraph shall cease to have effect.

Power Band	Number of premises	Aggregate Maximum demand	Energy (Gwh) to be supplied
(A) Not exceeding 0.1 MW	NONE		
(B) Exceeding 0.1 MW but not exceeding 1.0 MW	NONE		

[illegible] description of the system of electric lines and electrical plant by means of which the applicant intends to supply electricity, indicating which plant and lines are to be constructed and which are existing plant and lines, and further identifying any parts of that system which will not be owned by or otherwise in the possession or control of the applicant:
EXISTING LINES AND PLANT BELONGING TO EASTERN ELECTRICITY PLC, EAST MIDLANDS ELECTRICITY PLC, LONDON ELECTRICITY PLC, NORTHERN ELECTRIC PLC, NORWEB PLC, SEEBOARD PLC, SOUTHERN ELECTRIC PLC, SOUTH WALES ELECTRICITY PLC, SOUTH WESTERN ELECTRICITY PLC, YORKSHIRE ELECTRICITY GROUP PLC, SCOTTISH *POWER PLC, SCOTTISH HYDRO ELECTRIC PLC, THE NATIONAL GRID* COMPANY PLC.

[illegible] A statement of the extent (if any) to which the applicant considers it necessary for powers under Schedule 3 (compulsory acquisition of land etc) and under Schedule [illegible] *(other powers etc) to the Act to be given through the Licence for* which he is applying:
THE APPLICANT CONSIDERS IT NECESSARY FOR THE FULL POWERS *UNDER SCHEDULE* [illegible] *AND SCHEDULE 4 OF THE ACT TO BE GIVEN* THROUGH THE LICENCE TO THE EXTENT THAT THEY ARE NECESSARY TO ENABLE THE APPLICANT TO CARRY OUT ITS LICENSED ACTIVITIES.

[illegible] Details of any licences held, applied for or being applied for by the applicant in respect of the generation, transmission or supply of elecricity: NONE.

In accordance with Regulation 6 of the electricity (applications for Licences and extension of Licences) Regulations 1990, copies of maps relevant to this application are held at the relevant regional offices of the Office of Electricity Regulation.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key [illegible] on Friday August 23, [illegible]. [illegible] some cases the rate is nominal. [illegible] rates are the [illegible] [illegible] buying and selling rates except where [illegible] are shown to [illegible] otherwise. In some cases market rates [illegible] [illegible] from [illegible] [illegible] foreign currencies [illegible] which [illegible] [illegible] lied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
[illegible]	(Afghani)	99.25	[illegible]	33.8737	[illegible]
[illegible]	(Lek)	10.1215	[illegible]	3.4544	4.415
Algeria	[illegible]	[illegible]	18.0617	10.3069	13.173
Andorra	(Fr Fr)	[illegible]	[illegible]	3.395	[illegible]
	(Sp Peseta)	182.30	109.031	62.2184	[illegible]
Angola	(Kwanza)	101.4130	60.6537	34.6119	[illegible]
Antigua	(E Carr $)	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Austral)	16646.35	9955.95	[illegible]681.35	7261.22
[illegible]	(Florin)	3.0233	1.8081	1.0318	1.3187
Australia	(Aus $)	2.1300	1.2739	0.7269	0.9291
Austria	(Schilling)	20.595	12.3175	[illegible]	[illegible]
[illegible]	([illegible] Escudo)	[illegible]	[illegible]	[illegible]	109.[illegible]
[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]
Bahrain	(Dinar)	0.6107	0.3652	0.2084	[illegible]
Balearic Is	(Sp Peseta)	182.30	[illegible]	62.2184	[illegible]
Bangladesh	(Taka)	59.63	[illegible]	20.3515	[illegible]
Barbados	(Barb $)	[illegible]	2.0317	1.1594	[illegible]
Belgium	(Belg Fr)	[illegible]	36.0346	20.5631	26.2813
Belize	(B $)	[illegible]	[illegible]	1.1529	1.4735
Benin	([illegible] Fr)	[illegible]	297.488	169.761	[illegible]
[illegible]	(Bermudian $)	1.6720	1	0.5706	[illegible]
Bhutan	(Ngultrum)	43.20	25.8373	14.744	[illegible]
Bolivia	(Boliviano)	6.1057	[illegible]	[illegible]	[illegible]
Botswana	(Pula)	[illegible]	2.0771	[illegible]	1.5149
Brazil	[illegible]	[illegible]	382.566	[illegible]	279.019
Brunei	[illegible]	[illegible]	1.7278	[illegible]	1.2601
Bulgaria	[illegible]	31.014	[illegible]	[illegible]	13.5284
Burkina Faso	(CFA Fr)	497.40	297.488	169.761	216.968
[illegible]	(Kyat)	10.5879	6.3324	[illegible]	4.6184
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cambodia	(Riel)	[illegible]	808.134	[illegible]	[illegible]
Cameroon	[illegible]	497.40	297.488	169.761	216.968
Canada	(Can[illegible])	1.9180	1.1471	0.6546	0.8366
Canary Is	(Sp Peseta)	[illegible]	109.031	62.2184	79.5201
Cp. Verde	(CV Escudo)	125.9656	75.3382	[illegible]	[illegible]
Cayman Is	(CI $)	1.4019	0.8384	[illegible]	[illegible]
Cent. Afr. Rep	(CFA Fr)	497.40	[illegible]	169.761	[illegible]
Chad	(CFA Fr)	[illegible]	[illegible]	169.761	[illegible]
Chile	(Chilean Peso)	689.80	[illegible]	201.297	[illegible]
China	([illegible] Yuan)	[illegible]	5.429	3.098	3.[illegible]
[illegible]	([illegible] Peso)	[illegible]	610.437	[illegible]	445.213
Comoros	(CFA Fr)	[illegible]	297.488	169.761	216.968
Congo [illegible]	(CFA Fr)	[illegible]	[illegible]	[illegible]	216.968
Costa Rica	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Côte d'Ivoire	(CFA Fr)	[illegible]	297.488	169.761	[illegible]
Cuba	(Cuban Peso)	1.3650	0.8163	[illegible]	[illegible]
Cyprus	(Cyprus £)	[illegible]	0.4814	0.2747	[illegible]
[illegible]	[illegible]	51.32c	[illegible]6937	[illegible]	[illegible]
		49.49t	[illegible]5992	[illegible]	[illegible]
[illegible]	(Danish Kroner)	[illegible]	[illegible]	[illegible]	[illegible]
Djibouti [illegible]	(Djib Fr)	[illegible]	[illegible]	100.683	[illegible]
[illegible]	(E [illegible])	[illegible]	2.7274	1.5564	[illegible]
[illegible]	[illegible]	21.4[illegible]	12.8089	[illegible]	[illegible]
Ecuador	(Sucre)	1765.00o	1055.62	602.389	[illegible]
		1836.10a	1098.15	626.655	[illegible]
Egypt	(E[illegible])	5.60	[illegible]	1.9112	[illegible]
El Salvador	[illegible]	13.02	[illegible]	4.4436	[illegible]
Equ[illegible]	(CFA Fr)	[illegible]	[illegible]	169.761	216.968
Eth[illegible]	[illegible]	[illegible]	[illegible]	1.1842	[illegible]
Falkland Is	(Falk £)	1.00	[illegible]	0.3412	[illegible]
Faroe Is	(Danish Kroner)	11.3075	6.7628	3.8592	4.9323
Fiji Is	(Fiji $)	2.5045	1.4979	0.8547	1.0924
Finland	(Markka)	7.1365	4.2682	2.4356	3.1129
France	(Fr)	[illegible]	5.9494	3.395	4.3391
Fr. Cty/Africa	(CFA Fr)	[illegible]	297.488	[illegible]	[illegible]
Fr. Guiana	(Local Fr)	[illegible]	5.9494	3.395	[illegible]
Fr. Pacific Is	(CFP Fr)	178.00	106.459	60.7508	[illegible]
Gabon	[illegible]	497.40	[illegible]	169.761	216.968
Gambia	[illegible]	15.9374	[illegible]	5.4393	6.9519
Germany	[illegible]	2.9300	1.7523	1	[illegible]

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
[illegible]	(Cedi)	[illegible]	[illegible]	[illegible]	261.542
Gibraltar	(Gib £)	[illegible]	[illegible]	0.3412	0.4362
Greece	(Drachma)	323.55	193.511	110.427	141.134
Greenland	(Danish Kroner)	[illegible]	6.7628	3.8592	4.9323
[illegible]	(E Carr $)	[illegible]	2.7274	1.5564	1.9892
Guadeloupe	(Local Fr)	[illegible]	5.9494	3.395	4.3391
Guam	(US $)	[illegible]	1	0.5[illegible]	0.7293
[illegible]	[illegible]	8.20	4.9043	2.7986	3.5768
Guinea	(Fr)	[illegible]	[illegible]	[illegible]	456.785
		[illegible]	[illegible]	[illegible]	221.025
Guinea-Bissau	[illegible]	[illegible]	[illegible]	[illegible]	478.888
[illegible]	[illegible] $)	[illegible]	[illegible]	[illegible]	93.5672
Haiti	[illegible]	[illegible]	5	2.8822	3.6837
Honduras	(Lempira)	8.6390	5.1668	2.9484	3.7683
Hong Kong	(HK $)	13.0115	7.7819	4.4407	5.6756
Hungary	(Forint)	128.425	76.8092	43.831	56.0196
Iceland	(Icelandic Krona)	103.10	61.6626	35.1877	44.9727
India	(Indian Rupee)	43.[illegible]	25.8373	14.744	18.844
Indonesia	(Rupiah)	[illegible]	1990.48	1[illegible]	1451.73
Iran	(Rial)	[illegible]	[illegible]	[illegible]	49.3347
Iraq	(Iraqi Dinar)	[illegible]	[illegible]	[illegible]	[illegible]
Irish Rep	(Punt)	[illegible]	0.[illegible]	[illegible]	[illegible]
[illegible]	(Shekel)	[illegible]	2.3[illegible]	1.[illegible]	[illegible]
Italy	(Lira)	[illegible]	1308.01	746.416	953.98
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]8029	7.4165
Japan	(Yen)	[illegible]	137.111	[illegible]	100
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kenya	[illegible]	[illegible]	[illegible]	16[illegible]	21.1962
Kiribati	[illegible]	[illegible]	[illegible]	0.[illegible]	0.9291
[illegible] North	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] South	[illegible]	[illegible]	[illegible]	[illegible]	536.[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Laos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lebanon	[illegible]	[illegible]	[illegible]	509.[illegible]	[illegible]
[illegible]	(Maloti)	[illegible]	[illegible]	1.[illegible]	[illegible]
[illegible]	(Liberian $)	[illegible]	1	0.5706	[illegible]
Libya	(Libyan Dinar)	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Swiss Fr)	[illegible]	[illegible]	[illegible]	1.1177
Luxembourg	(Lux Fr)	[illegible]	[illegible]	[illegible]	[illegible]
Macao	(Pataca)	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(MG Fr)	[illegible]	1326.56	[illegible]	[illegible]
Madeira	(Port Escudo)	[illegible]	[illegible]	[illegible]	[illegible]
Malawi	[illegible]	[illegible]	[illegible]	1.6463	[illegible]
Malaysia	(Ringgit)	[illegible]	[illegible]	1.589	[illegible]
Maldive Is	(Rufiya)	[illegible]	[illegible]	5.7[illegible]	[illegible]
[illegible] Rep	(CFA Fr)	[illegible]	[illegible]	169.[illegible]	[illegible]
[illegible]	(Maltese £)	[illegible]	0.337	[illegible]	0.[illegible]
Martinique	(Local Fr)	[illegible]	5.[illegible]	[illegible]	4.3[illegible]
Mauritania	(Ouguiya)	146.1998	87.44	49.8975	63.773
[illegible]	(Maur Rupee)	27.20	16.2679	9.2832	11.8647
Mexico	(Mexican Peso)	5100.15a	[illegible].33	1740.67	2224.71
		5124.76d	[illegible]	1749.06	2235.45
Miquelon	(Local Fr)	9.9475	[illegible]	3.395	4.3391
Monaco	(French Fr)	9.9475	[illegible]	3.395	4.3391
[illegible]	(Tugrik)	5.4500	[illegible]	1.86	[illegible]
[illegible]	(E Carr $)	4.[illegible]	[illegible]	1.5564	[illegible]
[illegible]	[illegible]	[illegible]	8.6124	4.9146	[illegible]
Mozambique	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	([illegible] Rand)	4.8230	2.8845	1.6[illegible]	[illegible]
Nauru Is	(Australian $)	2.1300	1.2739	0.7269	[illegible]
Nepal	(Nepalese Rupee)	72.1203	43.1341	24.6144	31.[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	1.1254	[illegible]
N'nd Antilles	(A/Guilder)	[illegible]	[illegible]	1.0318	[illegible]
New Zealand	(NZ $)	[illegible]	[illegible]	[illegible]	[illegible]
Nicaragua	(Gold Cordoba)	[illegible]	[illegible]	2.8822	3.[illegible]
[illegible] Rep	(CFA Fr)	[illegible]	[illegible]	169.761	216.968
Nigeria	(Naira)	[illegible]	[illegible]	6.4458	8.2382
Norway	(Nor. Krone)	[illegible]	[illegible]	3.9087	4.9956
Oman	([illegible] Omani)	0.6240	0.3732	0.2129	0.2721

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	[illegible]	41.21	24.6471	14.0648	17.976
[illegible]	(Balboa)	1.6720	1	[illegible]706	0.7293
[illegible] Guinea	(Kina)	[illegible]	[illegible]	0.5474	0.6996
Paraguay	(Guarani)	2160.55	12[illegible]	[illegible]	942.443
Peru	(New Sol)	1.3800	0.8253	[illegible]	0.6019
Philippines	(Peso)	43.90	26.2559	[illegible]	[illegible]
Pitcairn Is	(£ Sterling)	1.00	0.598	0.[illegible]412	[illegible]
	(NZ $)	2.9145	1.7431	0.9947	1.2713
Poland	(Zloty)	19013.00	11371.4	6489.08	8293.57
[illegible]	(Escudo)	251.00	150.12	85.6655	109.487
Puerto Rico	(US $)	1.6720	1	0.5706	0.7293
Qatar	(R[illegible])	[illegible]	[illegible]	2.0484	2.6181
Reunion Is. de la	(F/Fr)	[illegible]	[illegible]	3.395	4.3391
Romania	(Leu)	[illegible]	[illegible]	35.0204	4[illegible]
Rwanda	(Fr)	214.85	[illegible]	73.3276	93.[illegible]
St Christopher	(E Carr $)	4.5603	[illegible]	1.5564	[illegible]
St Helena	(£)	1.00	[illegible]	0.3412	[illegible]
[illegible] Lucia	(E Carr $)	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(French F[illegible])	[illegible]	[illegible]	[illegible]	[illegible]
St Vincent	(E Carr $)	[illegible]	[illegible]	1.5564	[illegible]
[illegible]	(Italian Lira)	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Dobra)	315[illegible]	[illegible]	107.796	[illegible]
[illegible]	(Riyal)	6.[illegible]	[illegible]	[illegible]	[illegible]
Senegal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Seychelles	[illegible]	9.0130	[illegible]905	3.0761	[illegible]
Sierra Leone	[illegible]	515.20	[illegible]134	175.836	[illegible]
Singapore	($)	[illegible]	[illegible]	[illegible]	1.2601
Solomon [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.0165
Somali [illegible]	[illegible]	[illegible]	2646.64	[illegible]	1930.29
South Africa	[illegible]	[illegible]	2.8845	1.646	2.1038
		5.4475g	3.258	1.8592	2.3762
Spain	(Peseta)	182.30	109.031	62.2184	79.5201
Spanish Ports in N Africa	(Sp Peseta)	182.30	109.031	62.2184	79.5201
Sri Lanka	(Rupee)	69.85	41.7763	23.8395	30.4689
Sudan Rep	(£)	7.6005o	4.5457	2.594	3.3153
		19.3391g	11.5664	6.6003	8.4358
Surinam	(Guilder)	3.0149	1.8031	1.0289	1.3151
[illegible]	(Lilangeni)	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	(Krona)	10.6375	6.[illegible]	3[illegible]	4.6401
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	1.1177
[illegible]	[illegible]	35.4690	[illegible]	[illegible]	15.4717
[illegible]	($)	[illegible]	[illegible]	15.273	19.5201
[illegible]	(Shilling)	[illegible]	[illegible]	131.892	168.568
Thailand	(Baht)	42.31	[illegible]	14.4402	18.[illegible]
T[illegible] Rep	(CFA Fr)	497.40	[illegible]	169.761	[illegible]
[illegible]	(Pa Anga)	[illegible]	1.2739	[illegible]	[illegible]
Trinidad/Tobago	($)	[illegible]	[illegible]	[illegible]	3.1312
Tunisia	(Dinar)	1.6179	[illegible]	[illegible]	[illegible]
Turkey	(Lira)	7687.15	[illegible]	[illegible]	[illegible]
Turks & Caicos	(US $)	[illegible]	1	[illegible]	[illegible]
Tuvalu	(Australian $)	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	135[illegible]	811.711	[illegible]	[illegible]
U A E	(Dirham)	6.[illegible]	[illegible]	2.112	2.6993
United Kingdom	(£)	[illegible]	[illegible]	0.3412	[illegible]
U[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]
Uruguay	[illegible]	3[illegible]	2123.5	1211.77	[illegible]
USSR	(Rouble)	[illegible]	[illegible]	0.[illegible]	1.3177
Vanuatu	[illegible]	[illegible]	110.526	63.[illegible]	[illegible]
[illegible]	(Lira)	[illegible]	[illegible]	746.4[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	33.[illegible]	[illegible]
[illegible]	[illegible]	15217.89	9101.61	[illegible]	[illegible]
Virgin Is-British	[illegible]	[illegible]	1	[illegible]	[illegible]
Virgin Is-US	(US [illegible])	[illegible]	1	0.5706	0.7293
Western Samoa	(Ta[illegible])	[illegible]	2.4161	1.3787	1.7621
Yemen	[illegible]	20.4369	12.223	6.975	8.9146
Yemen PDR	(Dinar)	[illegible]	[illegible]	[illegible]	0.3396
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.7388
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10961.8
[illegible]	(Kwacha)	[illegible]	[illegible]	[illegible]	50.9094
Zimbabwe	($)	[illegible]	[illegible]	[illegible]	2.8567

Special Drawing Rights August 22, 1991 United Kingdom £0.799939 United S[illegible] [illegible] [illegible] 1.82833 Japan Yen182.525
European Currency Unit Rates August 23,1991 United Kingdom £0.700258 United [illegible] $1[illegible] [illegible] 2.05212 Japan Yen161.801

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) [illegible] rate; (h) [illegible] (i) Non [illegible] rate; (j) [illegible] rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies [illegible] against the US Dollar;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Friday August 23, 1991
(1) [illegible] Zaire devalued by 48%.

US COMMODITIES PRICES

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	355.2	353.4	354.5	354.1
Sep	355.2	353.5	0	0
Oct	357.0	355.3	357.1	355.6
Dec	360.3	358.6	360.8	359.0
Feb	363.5	361.8	363.5	362.3
Apr	366.5	364.8	0	0
Jun	369.7	368.0	370.0	[illegible]
Aug	373.0	371.2	371.8	371.8
Oct	376.1	374.3	0	0

PLATINUM 50 troy oz; $/troy oz.

	[illegible]	[illegible]	High/Low	
Aug	335.6	332.6	[illegible]	0
Oct	337.8	334.8	[illegible]	336.3
Jan	342.0	339.1	[illegible]	[illegible]
Apr	345.7	342.8	[illegible]	[illegible]
Jul	349.7	346.8	348.5	348.5
Oct	356.7	353.8	0	0
Oct	357.9	357.5	0	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	[illegible]	[illegible]	High/Low	
Aug	393.0	393.6	0	0
Sep	393.3	394.0	[illegible]	[illegible]
Oct	395.2	395.9	0	0
Dec	400.0	400.7	403.0	398.5
Jan	401.5	402.2	0	0
Mar	405.7	407.4	409.5	408.0
May	411.4	412.1	412.0	410.0
Jul	416.1	416.8	416.5	[illegible]6.5
Sep	421.0	421.6	0	0
Dec	428.6	429.1	430.0	428.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	[illegible]/Low	
Aug	101.45	101.40	101.60	101.40
Sep	101.15	101.10	101.60	101.10
Oct	100.65	100.60	[illegible]	100.60
Nov	100.10	99.95	[illegible]	0
Dec	99.65	99.60	100.05	99.50
Jan	99.45	99.05	0	0
Feb	99.00	98.55	0	[illegible]
Mar	98.50	98.10	98.50	98.45
Apr	98.10	97.65	[illegible]	[illegible]
May	97.65	97.25	[illegible]	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	21.90	21.81	21.95	21.85
Nov	21.78	21.70	21.85	21.74
Dec	21.65	21.57	21.70	21.59
Feb	21.40	21.31	21.40	[illegible].39
Mar	21.23	21.17	21.23	[illegible].18
Apr	21.08	21.03	21.10	21.05

HEATING OIL 42,000 US galls, cents/US galls

	[illegible]	Previous	High/Low	
Oct	[illegible]	[illegible]	6325	6275
Nov	[illegible]	[illegible]	6430	6400
[illegible]	6515	[illegible]	6525	6480
[illegible]	[illegible]	[illegible]	6535	6500
Feb	6370	6359	6390	[illegible]
Apr	5884	5869	5890	[illegible]
May	5724	5709	5730	5710
Jun	5648	5670	5725	5696

[illegible]

	[illegible]	[illegible]	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	1137	1120	1138	[illegible]
May	1168	1154	1167	1150
Jul	1190	[illegible]	1190	1190
[illegible]	1213	1198	[illegible]	0
[illegible]	1248	1228	[illegible]	0
Mar	1290	1270	0	0
[illegible]	1315	1295	0	[illegible]
Jul	1336	1316	0	0

COFFEE "C" 37,500lbs; cents/lbs

	[illegible]	[illegible]	High/Low	
Sep	83.65	82.90	[illegible]	81.60
Dec	86.95	85.95	[illegible]	84.75
Mar	[illegible]	89.25	91.60	[illegible]
May	92.85	[illegible]	[illegible]	90.50
Jul	95.50	[illegible]	[illegible]	95.50
Sep	97.75	[illegible]	[illegible]	96.50
[illegible]	100.00	100.80	0	0

SUGAR WORLD "11" [illegible] lbs; [illegible]

	[illegible]	[illegible]	High/Low	
[illegible]	8.63	8.62	8.85	[illegible]
Mar	8.36	8.25	[illegible]	8.19
May	8.35	8.20	[illegible]	8.15
Jul	8.34	8.22	8.36	[illegible]
[illegible]	[illegible]	8.22	[illegible]	8.36

COTTON 50,000; ce[illegible]

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	66.67	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	66.25	[illegible]
May	66.85	67.10	66.87	66.35
Jul	67.50	66.95	67.50	67.00
Oct	[illegible]	0	[illegible]	0
Dec	[illegible]			[illegible]
68.25				

ORANGE JU[illegible] 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	119.15	[illegible]	[illegible]
Nov	116.50	118.70	117.20	116.50
Jan	114.50	114.80	115.20	114.50
[illegible]	115.75	118.00	118.40	115.65
[illegible]	116.40	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	116.40	118.50	0	0
[illegible]	116.40	116.50	0	0
[illegible]	[illegible]	116.50	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
[illegible]	582/6	[illegible]	586/4	574/0
[illegible]	594/4	579/6	598/4	586/4
Jan	605/4	[illegible]	608/6	598/0
[illegible]	614/0	600/4	616/0	607/4
[illegible]	621/4	608/6	625/0	616/0
Jul	[illegible]	615/0	629/4	621/4
Aug	626/0	[illegible]/0	628/0	620/0
Sep	607/0	[illegible]/0	[illegible]	607/0

SOYABEAN OIL [illegible] lbs; [illegible]

	[illegible]	Previous	High/Low	
[illegible]	[illegible]	[illegible]	20.65	[illegible]
[illegible]	[illegible]	[illegible]	20.82	20.39
[illegible]	[illegible]	[illegible]	21.22	20.87
Jan	[illegible]	20.66	21.40	20.90
Mar	[illegible]	21.06	21.73	21.23
[illegible]	[illegible]	21.30	21.75	21.65
Jul	[illegible]	21.50	22.15	[illegible]
[illegible]	[illegible]	21.55	0	0
Sep	[illegible]	21.55	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	[illegible]	High/Low	
Sep	185.4	181[illegible]	186.5	182.5
Oct	184.6	180.2	185.5	181.6
Dec	184.4	180.2	185.7	181.7
Jan	184.8	180.0	185.6	181.6
Mar	184.5	180.3	185.5	181.7
May	184.5	180.5	184.8	181.5
Jul	183.0	180.0	184.5	181.6
Aug	183.5	180.0	184.5	182.6

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	254/4	249/4	257/0	250/2
Dec	258/4	254/4	261/2	255/2
Mar	265/6	262/0	268/4	262/4
May	270/2	266/4	272/2	267/4
Jul	272/4	269/4	274/4	270/0
Sep	257/0	255/0	260/0	257/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	306/0	299/4	309/0	301/0
Dec	320/6	313/6	323/0	315/6
Mar	326/4	319/4	329/4	321/4
May	322/0	315/4	324/0	317/4
Jul	311/2	304/0	313/0	306/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	71.25	72.22	72.07	70.95
Dec	74.00	74.47	74.30	73.65
Feb	72.55	73.05	72.90	72.20
Apr	73.12	73.65	73.50	72.97
Jun	71.12	71.60	71.35	70.60

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	44.87	45.25	44.25
[illegible]	[illegible]	[illegible]	44.40	43.32
[illegible]	[illegible]	[illegible]	[illegible]	42.90
[illegible]	41.90	[illegible]	[illegible]	41.82
[illegible]	46.92	46.05	46.40	45.80
Jul	46.05	46.05	46.30	45.90

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	47.80	47.05	48.00	46.00
Mar	47.35	46.75	47.50	45.55
May	48.45	47.75	48.45	46.70
Jul	48.00	46.90	48.50	47.00

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: [illegible] This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. [illegible]

TIME: [illegible] The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. [illegible]

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

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Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh						031-226 3271
American ♥	5	311.7	311.7	332.4	1.26	41410
(Accum Units) ♥	5	364.6	364.6	388.9	1.26	41411
British	5	819.7	819.7	867.2	5.53	41416
(Accum Units)	5	1312.3	1312.3	1388.3	5.53	41417
European	5	323.0	323.0	343.9	1.53	41418
(Accum Units)	5	346.2	346.2	368.6	1.53	41419
Japan	5	112.2	112.2	119.2	–	41420
(Accum Units)	5	113.0	113.0	120.1	–	41421
New Pacific	5	170.9	170.9	181.6	1.97	46365
(Accum Units)	5	175.5	175.5	186.5	1.97	47994
PEP Aug 14	5	135.1	137.3	145.4	3.82	47588
Mngd Equity	5	123.0	124.8	132.1	3.51	47586
Mngd Equity Acc	5	130.5	132.4	140.1	3.51	40556
Mngd Cash	5	96.50	96.50	99.38	10.64	47585
(Accum Units)	5	114.3	114.3	117.7	10.64	40267
Mngd Fixed Int Acc Aug 14	5	120.0	120.0	126.8	6.93	42132
Majority Stg	1	100.52	100.52	101.52	10.49	42703
Majority Stg Acc	1	105.44	105.44	106.49	10.49	46689
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300						Dealing 0277 261010
International Aug 15	0	51.15	51.15	51.73	3.44	46906
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Sun Alliance House, Horsham						0403 56293
Equity	6	614.5	621.7	664.9	3.16	41423
North America	6	79.90	79.90	85.45	0.95	41424
Far East	6	89.10	90.37	96.65	0.97	41425
W'wide Bond	6	47.36	47.36	50.38	6.40	41426
European	6	66.41	66.92	71.57	1.56	41429
Equity Income	6	72.08	73.08	78.16	5.19	41430
Portfolio	6	58.53	58.53	62.60	2.25	41431
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants						0800 525725
American Growth	6	27.16	27.16	29.05	0.44	47795
Managed Assets	6	104.56	105.21	112.53	3.74	46067
UK Income	6	33.65	34.13	36.51	4.36	41432
UK Growth	6	33.51	33.91	36.27	3.09	41433
Worldwide Growth	6	24.64	24.64	26.36	0.90	41434

	Bid Price	Offer Price	Yield Gross	City-line
Funds in Court*				
Capital July 17	503.87	507.59	2.52	40505
Gross July 17	183.59	185.06	10.54	40506
High Yield July 17	299.58	301.99	6.82	40507
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	54.53	55.65	3.58	40676
INVESCO MIM Management Ltd				
Exempt Fund				
Intl Mngd P'Folio	1202	1296xd	–	46964
Mngd Pens (Acc)	68.7	73.2	–	41007
Lazard Brothers & Co. Ltd				
Property Jan 3	£2360.0	2675.0	6.00	40777
Inc Gth Prp Apr 16	£1325.0	1460.0	7.20	40778
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Aug 22	£3539.5	3712.1xd	4.38	40766
European Aug 22	£512.9	519.1	2.32	40776
American Aug 22	£364.6	368.6	1.95	40773
Japan Aug 22	£491.6	499.4	1.30	40774
Pacific Aug 22	£141.0	144.9	3.39	40775
W Midlands June 30	£144.10	160.90	2.48	40771
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ				071-588 1815
Property July 31	199.15	203.20	7.41	40825
Equity July 31	885.85	898.25	4.10	40826
* Available only to Local Authorities				
M & G Securities Ltd				
Charifund Aug 22		101.04xd	10.67	40883
(Accum Units)		380.62	10.67	40884
NAACIF Aug 20		42.19xd	9.31	46917
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
UK Equity † Aug 20	127.4	136.3	2.84	46925
UK Small Co † Aug 20	481.1	519.2	2.03	46926

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	Yield Gross	City-line
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$15.91	16 71	1 05	44759
Japan [illegible]	$58 49	61.42	-	44762
Japan Fund	$24 16	25.37	0.17	44763
Japan New Gwth Fd	$18 91	19.86	-	44764
Malay Sing	$52 24	54 86	0.31	44765
Nth American	$22 00	23 10	0 58	47418
Octopus Fund	$21 25	22.32	0 88	44766
Pacific Fd	$59 59	62.57	-	44767
International Bond	$16 55	17 38	6 89	44769
Europa Fund	$12 87	13.52	-	[illegible]191
British Screen Fd	£0 92	0 97	-	[illegible]190
Tristar Warrant	$10 47	11 00	-	[illegible]429
Hong Kong	$49 22	51.69	3.09	44761
Mngd Portfolio (Stlg)	£4 23	4 56	-	47319
Mngd [illegible] Dllr)	$10 20	10 77	-	47318
Currency Fd—Sterling	£19.27		-	44755
Currency Fd—US Dollar	$15 26		-	44754
Curr Fd—Deutschemark	DM40.16		-	44756
Curr Fd—Managed $	$43 53	45 70	-	44758

Federated International Funds Plc

	Bid Price	Offer Price	Yield Gross	City-line
Federated Short-term US Gov't Securities Fund				
Institutional Serv Series *	$1.00		5 74	40562
Investment Series *	$1.00		5 74	40563

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F
Lord Street, Douglas IoM 0624 661551

Unit Name	Init Chge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
ADI Managed(z)	5	[illegible]	0.5687	0 6056	-	44675
ADI Mgd Currency(z)	5	[illegible]	0.3765	0.3963	-	44676
ADI W'wide Eq(z)	5	[illegible]	0 6310	0 6720	-	44677

Name	Init Chge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
John Govett—Contd.						
Far East Equity	5½	$10.27	10 27	10.37	1 0	47288
US Smaller Cos	5½	$12.75	12.75	12.88	1.0	47289
European Equity	5½	[illegible]	13.80	13.94	2.0	47290
UK High Income	5	£4 84	4.84	4.86	10 7	47291
UK Equity	5½	£5 03	5 03	5 08	3 0	47292

Initial charge may alter for sales in other jurisdictions

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F
PO Box 63, Bond Street, St. Helier Jersey 0534 76029

Name	Init Chge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Stlg Fixed Int	5½	£1.139	1.139xd	1.210	9 74	45259
Offshore High Yield	3½	£1.425	1 431xd	1 483	12.64	45249
Global Equity Fund	5½	$14.58	14 66	15 68	0.74	45250
European Equity	5½	[illegible]	18.48	19 76	0.93	45298
UK Growth (CI Fund)	5½	£4.873	4.933	5.276	2.42	45204
Nth American Eqty	5½	$10.37	10 37	11.08	0.50	45250
Far Eastern Eqty	5½	£9.95	10 13	10.83	0 00	45252
International Mngd	5½	£10.59	10.59xd	11.33	0 71	44066
Intnl. Bond Fund						
Sterling Managed	5½	£10.54	[illegible]	11.23	9.11	45265
US Dollar Managed	5½	$13 02	[illegible]	13 87	5.54	45266
International Currency Fund						
Sterling Managed ♦	5½	£26.87	26.87	28.43	-	45267
US Dollar Managed ♦	5½	$29 74	29.74	31.47	-	45268
Sterling ♦ ‡	0	£25.56	25.56	25.56	10.20	45269
US Dollar ♦ ‡	0	$38.32	38.32	38.32	4.44	45270
Deutschmark ♦ ‡	0	[illegible]	60 99	60.99	7 72	45271
Japanese Yen ♦ ‡	0	Y4,898	4.898	4 898	6 00	45272
Swiss Franc ♦ ‡	0	[illegible]	47 37	47 37	6.46	45273
Irish Punts ♦ ‡	0	[illegible]	22.50	22.50	6.71	40652

INVESCO MIM International (Jersey) Ltd
PO Box 271, St Helier, Jersey 0534 73114

Name	Init Chge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Jersey Gilt (z)	5¼	[illegible]	0.1710xd	0.1802	9 16	45461

Lloyds Bank (CI) U/T Mgrs.
PO Box 195 [illegible] Helier, Jersey 0534 27561

Name	Init Chge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Lloyds Tst. Gilt	2½	[illegible]	9.522	9 771	10.85	45390

Dealing daily

[illegible] Bank Fund [illegible] (Jersey) [illegible]
PO Box 26, St Helier, Jersey 0534 606000

Name	Init Chge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Int'l Growth Portfolio	6	[illegible]	0.9842	1.0437	1.68	40027
Gilt	3	[illegible]	[illegible]	0.9628	10.39	45446

For MIM see INVESCO MIM

Royal Trust Jsy Fd Mgmt Ltd (1400)F

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

هكذا من الأجل

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

Following the coup

ACTIVITY ON the foreign exchanges last week was almost entirely governed by the course of the Soviet coup. A casual observer might have wrongly assumed that the US was a supporter of the attempt to seize power, as the dollar was the main beneficiary when the coup began and the largest loser when it failed. But it was simply a matter of turning to the safest currency at a time of potential world upheaval.

For the same reason sterling and the Swiss franc performed at their best when the junta appeared to have the upper hand, while the D-Mark was friendless as the tanks rolled into Moscow.

Politically the world may never be the same again, but there has been no lasting impact on the market. Currencies have returned to pre-coup levels, waiting to see whether the Soviet Union can survive the impact of last week's events. The comparatively simple process of German unity, and the absorption of a communist state, has caused considerable problems giving some idea of what faces the Soviet republics seeking independence.

The long term implications of opening up the east appear to be good for Germany, but the market will remain cautious in the short run. The D-Mark finished steady in the middle of the European exchange rate mechanism and at about the same level against the dollar as immediately after the Bundesbank last raised official interest rates.

In the absence of further dramatic world events the market will turn back to economic fundamentals and interest rate factors favouring the D-Mark. German and US inflation were level at a year-on-year rate of 4.4 per cent in July, while Euro D-Mark rates are at least 3.5 [illegible] points higher than corresponding Eurodollars.

UK clearing bank base lending rate
11 per cent
from July 12, 1991

£ IN NEW YORK

Aug.26	Latest	Previous Close
£ Spot	1.6798-1.6808	1.6765-1.6775
1 month	0.81-0.79pm	0.80-0.79pm
3 months	2.13-2.10pm	2.11-2.09pm
12 months	6.90-6.80pm	6.90-6.80pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

Aug 23	Bank of England Index	Morgan Guaranty Changes %
Sterling	90.5	-20.6
U.S. Dollar	64.7	-12.7
Canadian Dollar	106.2	+3.1
Austrian Schilling	108.6	+11.4
Belgian Franc	110.3	-2.6
Danish Krone	107.7	+2.5
D-Mark	116.4	+23.5
Swiss Franc	108.7	+18.0
Dutch Guilder	113.0	+15.3
French Franc	101.8	-13.7

OTHER CURRENCIES

CURRENCY RATES

POUND SPOT - FORWARD AGAINST THE POUND

Aug 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6710 - 1.6935	1.6715 - 1.6725	0.80-0.78cpm	5.67	2.13-2.10pm	5.06
Canada	1.9140 - 1.9315	1.9175 - 1.9185	0.41-0.33cpm	2.31	1.04-0.91pm	2.03
Netherlands	3.2925 - 3.3030	3.2925 - 3.3025	½-⅜cpm	1.82	1¼-1pm	1.36
Belgium	60.10 - 60.35	60.20 - 60.30	11-6cpm	1.69	24-20pm	1.46
Denmark	11.2930 - 11.3365	11.3025 - 11.3125	1½-¼orepm	1.19	3-1½pm	0.80
Ireland	1.0920 - 1.1050	1.0950 - 1.0960	0.10-0.05cpm	0.82	0.20-0.12pm	0.58
Germany	2.9270 - 2.9335	2.9275 - 2.9325	¾-⅝pfpm	2.79	1¾-1⅝pm	2.37
Portugal	249.65 - 251.50	250.50 - 251.50	43-142cdis	-4.42	162-319dis	-3.87
Spain	182.25 - 183.20	182.35 - 182.45	22-30cdis	-1.71	72-93dis	-1.81
Italy	2184.10 - 2193.85	2186.50 - 2187.50	par-2liredis	-0.55	3-6dis	-0.82
Norway	11.4260 - 11.4685	11.4475 - 11.4575	1½-½orepm	0.92	2-1pm	0.48
France	9.9360 - 9.9655	9.9425 - 9.9525	2½-1½cpm	1.51	3½-2½pm	1.15
Sweden	10.6185 - 10.6615	10.6325 - 10.6425	¼-½orepm	0.49	¼-¾dis	-0.12
Japan	228.75 - 230.90	228.75 - 229.75	⅞-¾ypm	3.60	2⅝-1⅞pm	3.49
Austria	20.57 - 20.62	20.57 - 20.60	3½-2½gropm	1.55	[illegible]	1.19
Switzerland	2.5525 - 2.5675	2.5575 - 2.5675	⅝-½cpm	2.63	1⅝-1½pm	2.54
Ecu	1.4240 - 1.4310	1.4255 - 1.4265	0.18-0.13cpm	1.3	0.38-0.31pm	0.97

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.81-3.78cpm. 12 month 6.90-6.80cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6710 - 1.6935	1.6715 - 1.6725	0.80-0.78cpm	5.67	2.13-2.10pm	5.06
Ireland†	1.5265 - 1.5450	1.5265 - 1.5275	0.52-0.47cpm	3.89	1.60-1.50pm	4.06
Canada	1.1425 - 1.1450	1.1435 - 1.1445	0.27-0.31cdis	-3.04	0.83-0.86dis	-2.95
Netherlands	1.9490 - 1.9750	1.9720 - 1.9730	0.59-0.62cdis	-3.68	1.79-1.84dis	-3.68
Belgium	35.60 - 36.10	36.00 - 36.10	10.00-11.00cdis	-3.50	30.00-35.00dis	-3.61
Denmark	6.6810 - 6.7660	6.7600 - 6.7650	2.15-2.45oredis	-4.08	4.35-4.85dis	-2.72
Germany	1.7280 - 1.7540	1.7525 - 1.7535	0.49-0.50pfdis	-3.39	1.54-1.57dis	-3.55
Portugal	148.90 - 150.00	149.90 - 150.00	115-125cdis	-9.60	349-365dis	-9.47
Spain	107.90 - 109.30	109.10 - 109.20	61-64cdis	-6.87	180-190dis	-6.78
Italy	1293.00 - 1308.25	1307.75 - 1308.25	6.00-7.00liredis	-5.96	19.00-20.50dis	-5.98
Norway	6.7600 - 6.8575	6.8475 - 6.8525	2.35-2.65oredis	-4.38	7.45-7.95dis	-4.50
France	5.8700 - 5.9550	5.9475 - 5.9525	1.88-1.94cdis	-3.85	5.67-5.77dis	-3.85
Sweden	6.2800 - 6.3670	6.3600 - 6.3650	2.42-2.67oredis	-4.80	7.80-8.25dis	-5.05
Japan	136.50 - 137.20	137.00 - 137.10	0.19-0.21ydis	-1.75	0.53-0.56dis	-1.58
Austria	12.1800 - 12.3400	12.3300 - 12.3400	3.70-4.20grodis	-3.84	11.10-12.50dis	-3.83
Switzerland	1.5110 - 1.5335	1.5320 - 1.5330	0.32-0.35cdis	-2.62	0.92-0.97dis	-2.47
Ecu†	1.1705 - 1.1860	1.1710 - 1.1720	0.43-0.40cpm	4.25	1.26-1.20pm	4.20

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Aug 23	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.672	2.930	229.3	9.948	2.563	3.298	2187.	1.918	60.25	1.426
$	0.598	1	1.752	137.1	5.950	1.533	1.972	1308	1.147	36.03	0.853
DM	0.341	0.571	1	78.26	3.395	0.875	1.126	746.4	0.655	20.56	0.487
YEN	4.361	7.292	12.78	1000.	43.38	11.18	14.38	9538	8.365	262.8	6.219
F Fr.	1.005	1.681	2.945	230.5	10.	2.576	3.315	2198	1.928	60.56	1.433
S Fr.	0.390	0.652	1.143	89.47	3.881	1	1.287	853.3	0.748	23.51	0.556
H Fl.	0.303	0.507	0.888	69.53	3.016	0.777	1	663.1	0.582	18.27	0.432
Lira	0.457	0.765	1.340	104.8	4.549	1.172	1.508	1000.	0.877	27.55	0.652
C $	0.521	0.872	1.528	119.6	5.187	1.336	1.719	1140	1	31.41	0.743
B Fr.	1.660	2.775	4.863	380.6	16.51	4.254	5.474	3630	3.183	100.	2.367
ECU	0.701	1.173	2.055	160.8	6.976	1.797	2.313	1534	1.345	42.25	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

Treasury Bills (sell); one-month 10¼ per cent; three months 10⅛ per cent; six months 9⅞ per cent; Bank Bills (sell); one-month 10⅛ per cent; three months 10¼ per cent; Treasury Bills; Average tender rate of discount 10.1508 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1991. Agreed rates for period Aug 26, 1991 to September 24, 1991, Scheme I: 12.31 p.c., Schemes II & III: 12.38 p.c. Reference rate for period June 29, 1991 to July 31, 1991, Scheme IV&V: 11.138 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from August 1, 1991; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9¼ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July 15, 1991. Deposits withdrawn for cash 5 per cent.

LONDON RECENT ISSUES

FIXED INTEREST STOCKS

RIGHTS OFFERS

BANK OF ENGLAND TREASURY BILL TENDER

WEEKLY CHANGE IN WORLD INTEREST RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

FINANCIAL TIMES STOCK INDICES

	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 16	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs.	85.94	85.94	85.65	85.61	85.59	85.55	85.94	82.17	127.4	49.18
Fixed Interest	94.91	94.93	94.80	94.80	94.80	94.52	94.93	90.59	105.4	50.53
Ordinary	2069.3	2056.1	2033.7	1987.9	1975.9	2041.9	2069.3	1606.3	2069.3	49.4
Gold Mines	182.0	187.7	173.2	181.3	184.4	178.4	222.8	127.0	734.7	43.5
FT-Act All Share	1264.73	1257.16	1246.94	1225.58	1216.23	1254.97	1264.73	987.48	1264.73	61.92
FT-SE 100	2640.7	2623.0	2601.9	2554.5	2540.5	2621.0	2640.7	2054.8	2640.7	136.9
FT-SE Eurotrack 100	1112.85‡	1108.81	1100.53	1066.99	1040.76	1122.42	1165.54	900.45	1165.54	900.45
FT-SE Eurotrack 200	1180.76‡	1176.55	1168.21	1141.43	1116.92	1185.91	1192.11	938.82	1192.11	938.82

‡ Indicative

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

BRITISH FUNDS—Contd

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

Continued on next page

BASE LENDING RATES

PARIS

PHILADELPHIA SE £/$ OPTIONS

£31,250 (cents per £1)

Previous day's open int.: Calls 279,786 Puts 306,367 (All currencies)
Previous day's volume: Calls 22,513 Puts 12,397 (All currencies)

LONDON SHARE SERVICE

AMERICANS

Market Cap. £m	Stock	Price £	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
13,911.1	Abbott Laboratories	32½	-0.4	1.8	10 7	FeMyAuNv	1503
138.7	Allegheny & W 1c	267p	-0.7	6.6	–	–	–
893.6	Amdahl 5c	808p	....	0.7	31.1	NvMrJeAu	–
3,553.3	Amer. Cyanamid $5	38	-1.3	2.3	27.2	MrJeSeDe	–
7,155.8	Amer. Express 60c	15¼	-5.6	3.6	1.7	FeMyAuNv	1594
25,518.1	American T & T $1	23	-1.9	3.4	27.3	FeMyAuNv	1597
16,890.5	Ameritech $1	36¼	-0.5	5.5	28.3	FeMyAuNv	–
5,545.2	BankAmerica $1	25	2.5	2.8	16.8	FeMySeDe	1744
2,863.9	Bankers N Y $1	35	-0.2	8.2	27.9	ApJyOcJa	1745
11,058.5	Bell Atlantic $1	28¼	-1.1	5.3	4.7	FeMyAuNv	–
13,856.8	BellSouth Corp.	28¼	0.4	5.7	5.4	FeMyAuNv	–
778.6	Bethlehem Steel $8	10¼	-0.6	2.3	6.2	MrJeSeDe	1821
561.2	Bowater Inc.	1565p	-0.4	4.5	6.6	OcJaApJy	1884
4,069.0	CPC Intnl. 25c	53	-0.6	2.2	26.6	JaApJyOc	2263
144.6	California Engy.	794p	-3.4	–	–	–	–
6,262.9	Campbell Soup 15c	49	-0.3	1.4	4 1	OcJaApJy	2050
1,598.5	Chase Manhattan $12½	12	-3.4	5.8	29.7	FeMyAuNv	2109
1,565.5	Chrysler $6¼	6	-5.2	5.2	19.6	ApJySeDe	2135
[illegible]	Citicorp $1	8	-4.8	6.8	23.10	MyAuNvFe	2141
[illegible]	Colgate-Palmolive $1	23	-0.8	2.6	22.7	FeMyAuNv	2184
[illegible]	Cont'l Bank Corp $4	910p	0.4	6.5	31.5	DeMrJeSe	–
[illegible]	Dana Corp. $1	17	-2.8	5.4	28 5	MrJeSeDe	2306
[illegible]	Data General	1055p	-2.1	–	–	–	–
[illegible]	Dial Crop. $1.5	21	1.8	3.9	28.5	JaApJyOc	2778
[illegible]	Dun & Bradstreet $1	26	-1.9	4.9	13 2	MrJeSeDe	–
[illegible]	Eaton Corpn. 50c	37	....	–	2.2	–	2410
448.9	Echlin Inc.	8	-0.8	5.2	1 7	JaApJyOc	3046
3,233.3	FPL Group 1c	20	0.9	7 1	28.5	MrJeSeDe	–
2,086.5	Fluor Corp 62½pc	25	2.7	0.7	21.6	JaApJyOc	2609
8,401.8	Ford Motor $1	18	-3.0	3.3	30.7	MrJeSeDe	2615
37,814.4	Gen. Elect. 63c	43	....	2.8	3.6	JaApJyOc	2675
–	General Host Corp $1	453p	-3.8	4.4	13.12	–	–

BUILDING, TIMBER, ROADS – Contd

DRAPERY AND STORES – Contd

ENGINEERING

INDUSTRIALS (Miscel.) – Contd

Market Cap. £m	Stock	Price	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
35.6	Amer Grp Free A F820	774	-0.9	3.8	12.87	Dec	1590
125.9	Anglo Utd. 20p	38	....	5.6	17.6	Mar Oct	1615
2.56	Antares Group 5p	1½	....	–	10 84	–	4374
13.5	Apollo Metals 10p	118	....	5 4	20.5	Jan Jul	1460

INDUSTRIALS (Miscel.) – Contd.

Market Cap. £m	Stock	Price	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
75.9	Macarthy 20p	278	3.3	6.0	15.7	[illegible]	3255
87.2	Macfarlane Grp.	174	....	3.1	15.4	[illegible]	3259
5 16	Magnolia Group 10p	90	....	8.0	15.4	[illegible]	3267
561.0	Manpower Inc. 1c	754	-4.4	–	–	–	–
24.2	Marling Ind. 10p	77	....	7.3	15.7	Jan Oct	3296
9.34	Mayborn Group 5p	48	2.1	10.6	15.4	Oct May	3313
6.34	Mayflower Crp. 5p	26	....	–	–	– –	4309
290.1	Medeva 10p	164	1.2	0.6	28.5	May	3328

CANADIANS

For Varity see Americans

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICITY

For Scottish Hydro-Electric see EQUITIES under LONDON RECENT ISSUES

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INSURANCES

هكذا من الأصل

LONDON SHARE SERVICE

■ Latest Share Prices are available on FT Cityline, call 0836 43 + four digit code. Calls charged at 34p/minute cheap rate and 45p/minute at all other times. To obtain a free Share Code Booklet call 071-925-2128.

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

Market Cap. £m	Stock	Price	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
203.5	TNT A$0.50	34	-7.7	9.3	6.3	MrJeSeDe	4242
157.2	Tibbett & Britten 5p	457	3.2	2.7	15.4	May Oct	4228
578.2	Tiphook 10p	331	2.5	3.5	15.7	Jan Oct	4238
408.1	Transport Dev	288	.....	4.6	2.4	Nov May	4292
6.15	Turnbull Scott £1	98	-2.0	-	23.7	-	4327
197.4	Wat AS"A" Fr NK2.3	£7¼	-3.3	-	-	-	-

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	640	.....
Finlay Pkg. 5p	19	-5.0
Holt (Jos) 25p	1970	.....
Helton Hldgs.	43	13.2
IRG	138	.....
United Drug	171	-1.2

IRISH

Cap. 8½% Ln. 2010	£93¼	.....
9pc Cap Ln. 1996	£98¼	.....
Fin. 13% 97/02	£112¼	-1.3
Arnotts	175	2.3

TRADITIONAL OPTIONS
3-month call rates

Industrials

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	33
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	30
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	88
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd	31
Racal Elect.	18
RHM	28
Rank Org Ord.	63
Ranners	17
Reed Intnl	36
Sears	6½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	40

Property

Property	
Brit Land	30
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Oils	
Aviva Petlm.	3
Brit Petroleum	38
Burmah Castrol	49
Conroy Petlm.	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines

Mines	
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following changes have been made to the FT Share Information Service:

Additions: Aegon N/V (Section: Insurances)
Fleming Emerging Mkts (Trusts)
Do. Warrants (Trusts)
Scottish Power (Electricity)
Trafalgar House A (Industrials)

Deletions: Ambassador Secs. (Electricals)
Aquarius Expl. (Mines)
Bank of Wales (Banks)
Brunswick (Americans)
First Tokyo Index (Trusts)
Kingsgrange (Industrials)
Nor-Quest (Mines)
Pelsart Resources (Mines)
Pilkington Warrants (Industrials)
Synapse Computer Servs. (Electricals)
Oy Wartsila (Industrials)
Wyndham Group (Industrials)
TMD Advertising (Papers)

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · HONG KONG · MALAYSIA · SINGAPORE

CANADA

TORONTO

3:15 pm prices August 26

MONTREAL

3:15 pm prices August 26

INDICES

NEW YORK ACTIVE STOCKS · TRADING ACTIVITY

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

*Saturday August 24: Taiwan ...

‡ Subject to official recalculation.

Base values of all indices are 100 except: BEL20, HEX General, ISEQ ... JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – ...

TOKYO – Most Active Stocks

Monday, [illegible] August, [illegible]

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsui Shipbldg	6.3m	528	-6	Hitachi	2.6m	1,020	-40
Nippon Steel	3.3m	390	-7	Tokyo Gas	2.4m	481	-19
Kobe Steel	3.3m	485	+5	Mitsubishi Mat.	2.3m	562	-13
Nippon Carbon	3.2m	1,120		Toshiba	2.0m	643	-5
Nippon Oil	3.2m	890	-29	Nippon Mining	1.9m	606	-15

Price data supplied by Telekurs.

هكذا من الأصل

WORLD STOCK MARKETS

AMERICA

Equities drift lower after record high on Friday

Wall Street

AFTER THE dramatic upheavals of the previous week, trading resumed yesterday morning on Wall Street on a calmer note, *writes Nikki Tait in New York.*

The Dow Jones Industrial Average quickly shed its opening gain of six points and drifted lower in light trading during the morning session. By 1.30 pm it stood at 3,034.44, 5.81 points below Friday's record close.

Few analysts were surprised that, after hitting record highs on Friday, the market should take a breather. Aside from the developments in Eastern Europe, there is still uncertainty about the pace at which the US economy is pulling out of recession, and some caution that prices of shares heavily tied to the economic cycle are running ahead of events.

This week, moreover, will see the publication of a number of economic statistics, including the August index for consumer confidence today. Trading levels are likely to remain light as Wall Street winds down for the long Labor Day weekend ahead. If tradition is repeated, technical analysts note, the pre-Labor Day week will start on a mixed or weaker note, and then finish with a fairly strong flourish.

The week certainly began on better note for Salomon Brothers, the investment bank which has admitted illegal activities in the Treasury auction market and has seen top management quit as a result. Yesterday, the company's shares rallied by more than $2 at one stage on speculation that Mr Laurence Tisch, the chairman of Loews Corporation and the CBS broadcasting group, had been buying stock. However, by lunchtime, the shares had slipped back from the morning's highs to show a gain of $1⅛ at $25⅛.

Another actively traded stock was Great Atlantic & Pacific Tea Company, the large supermarket group better known as A&P. A warning from its chairman, Mr Jim Wood, that the company had been hit hard by the recession and was still digesting assets acquired in Canada, sent the shares $3¼ lower to $39⅛. Profits in the group's second fiscal quarter, which ends on September 7, would probably fall to between 35 cents and 40 cents a share, said Mr Wood. This would compare with 95 cents a share in the same period of 1990.

News that International Business Machines plans to make immediate price cuts, ranging from six to 37 per cent, on certain products at the less sophisticated end of its range, while raising prices by about five per cent on other hardware and software products next year, had little impact on the shares. IBM stock was $¼ higher at $95⅛ at lunchtime. But shares in Owens-Corning, the fibre-glass products manufacturer, gained $1 to $34⅛, on an analyst's earnings upgrading.

Canada

TORONTO stocks eased off the session's highs and were flat in midday trade. The TSE-300 composite index rose 0.7 to 3,532.8. Declines led advances by 175 to 169 on volume of 7.7m shares valued at C$86m.

Among active shares, Loblaw eased C$¼ to C$20⅛, Canadian Pacific rose C$⅛ to C$19, Philip Environmental was flat at C$10¼ and Royal Bank of Canada rose C$⅛ to C$27.

Petrochemicals weaken after a good start

Prospects have not been enhanced by the Soviet upheaval, writes **Antonia Sharpe**

THE RECENT upheaval in the Soviet Union could well prolong the underperformance of European bulk chemical stocks, as the setback to business confidence slows the momentum of economic recovery in the industrialised nations.

Initial fears of a disruption in the West's crude oil supplies from the Soviet Union, the world's biggest oil producer – forcing the price of oil back up to Gulf crisis levels of $25 a barrel – have faded. Furthermore, the jump in the dollar will help the profitability of European chemical companies when dollar-denominated earnings are converted.

But nevertheless, the chemical sector's fundamentals remain depressed and they are unlikely to improve until there is strong evidence of an economic upturn. Before the military coup in the Soviet Union, industry share prices were weighed down by poor second quarter company results, which showed that many oil and chemical majors were making losses on their petrochemical activities as a result of the collapse in plastics prices.

A report on the petrochemical market by County NatWest WoodMac points out that, whereas in the 1970s and 1980s the collapse in petrochemical profitability was caused by an economic recession and an inflationary-induced drop in demand, this time round the problem has been made worse by the over-expansion of capacity. "Petrochemical demand has not collapsed this time and so it will not bounce back," the report says.

Mr Fergus MacLeod, one of the authors of the report, says that the industry is only now coming to terms with the breakdown of capacity utilisation and margins, especially since it was busy justifying capacity expansion projects in 1988 and 1989 when profits were exceptionally high.

In his view, the investment community has not fully discounted the fact that the petrochemical industry could well be loss-making this year, nor the fact that the scenario could get even worse next year before showing a recovery. "We do not expect capacity utilisation and therefore profitability to rise again until the middle of the decade," the report says.

According to a sensitivity analysis by County, the companies most vulnerable to the fall in petrochemical margins are Montedison of Italy and Belgium's Solvay. Their group earnings could halve if petrochemical profitability falls by DM100/tonne, while Belgium's Petrofina and the Dutch company, DSM, could see theirs drop by one-third. The least affected would be Cepsa of Spain, Bayer of Germany and BP of the UK. By the same measure, the French companies, Total, Esso France and Rhône-Poulenc, and Ultramar of the UK have no exposure to petrochemicals.

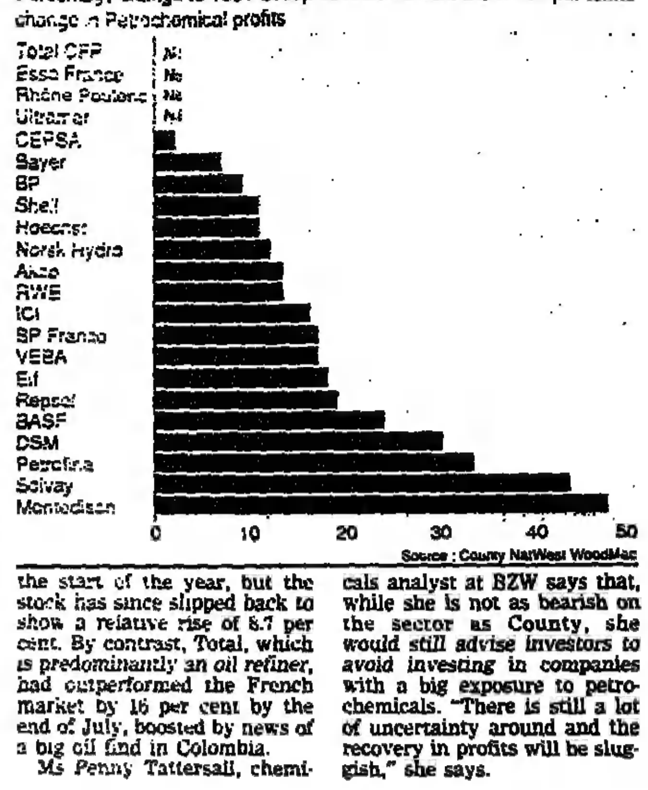
In the first quarter of this year, Europe's chemical and oil shares staged a sharp recovery on hopes of an improvement in petrochemical profitability. By April 25, BASF, which has the biggest exposure to bulk chemicals of the three German chemical majors, had outperformed the DAX index by 8.3 per cent from the start of the year, while DSM, in the Netherlands, had risen 15.1 per cent against the CBS general index. But by the end of May, analysts were warning that investors had been too optimistic about the outlook for the sector, and evidence of the erosion on margins, as a result of over-capacity, caused share prices to fall back sharply.

By the middle of May, Solvay had outperformed the Belgian market by 13.2 per cent from the start of the year, but the stock has since slipped back to show a relative rise of 8.7 per cent. By contrast, Total, which is predominantly an oil refiner, had outperformed the French market by 16 per cent by the end of July, boosted by news of a big oil find in Colombia.

Ms Penny Tattersall, chemicals analyst at BZW says that, while she is not as bearish on the sector as County, she would still advise investors to avoid investing in companies with a big exposure to petrochemicals. "There is still a lot of uncertainty around and the recovery in profits will be sluggish," she says.

Sensitivity to Petrochemical margin fall

Percentage change to 1991 Group net income from a DM 100 per tonne change in Petrochemical profits



Source : County NatWest WoodMac

ASIA PACIFIC

Nikkei suffers 2.1% drop on selling in thin market

Tokyo

SHARE PRICES fell across the board yesterday, as arbitrage-related and margin selling hit a thin market, *writes Emiko Terazono in Tokyo.*

The Nikkei average fell 473.07 or 2.1 per cent to 21,592.27 after opening at the day's high of 22,064.54. The day's low was 21,533.58. Volume fell to 200m shares as investors stayed on the sidelines ahead of the testimonies from former brokerage executives at the parliament's budget committee session, scheduled for this Thursday.

Losers led gainers by 840 to 133, with 138 issues unchanged. The Topix index of all first section stocks fell 28.54 to 1,694.70.

Share prices in all 36 sectors on the first section fell, and 73 issues hit lows for the year. A fall in the futures market prompted unwinding of arbitrage positions.

Industrial Bank of Japan plunged Y160 to Y3,240. Investors were nervous ahead of the testimony on the recent loan fraud scandals from Mr Yoh Kurosawa, the bank's president, at the parliament's budget committee. Securities houses were also lower with Nomura down Y20 to Y1,600 and Yamaichi Y19 to Y819.

Tokyu Corp, the railway company, fell Y29 to Y815 on reports that the finance ministry is to investigate Nomura's alleged price rigging.

Nippon Carbon closed unchanged at Y1,120, after hitting a year's high of Y1,150 earlier in the day. Rumours of speculative buying attracted some buy orders, especially from investors who had previously sold the stock on margin.

Kyocera, the semiconductor ceramic package maker, plunged Y170 to Y5,180 after a downward revision in earnings at the weekend. The company said that pre-tax profits would fall 11 per cent for the current year to Y50bn. Selling spread throughout the high-technology sector with NEC down Y30 to Y1,220 and Hitachi losing Y40 to Y1,020.

Mitsui Petrochemical fell Y35 to Y630. Investors were discouraged by reports that the company's pre-tax profits for the current year would fall by 19 per cent, a double-digit drop for the second year in a row.

Mitsui Engineering & Shipbuilding, the most active issue of the day, fell Y6 to Y538 on margin selling. Investors who had bought the issue on margin in February when it hit the year's high of Y881 face margin expiries.

In Osaka, the OSE average fell 492.61 to 23,445.74 on volume of 29.2m shares. Rohm, a linear integrated circuit maker, fell Y110 to Y2,480 as investors sold off high-technology issues on the weakness in Kyocera. Murata Mfg, on the other hand, rose Y20 to Y2,290 as investors were encouraged by prospects of price rises for electronics components, which would boost profits for the current business year.

Roundup

PACIFIC RIM markets were mostly easier in thin trading.

MANILA rose on speculation that the US military base treaty will be ratified by the Philippine Senate. The composite index added 21.31 to 990.47, up 2.19 per cent. But turnover fell to 96.5m pesos from 142.4m.

SINGAPORE concentrated on the newcomer, Singapore Electronic and Engineering (SEEL), which closed 7 cents higher at S$1.97 after Friday's 65 cent opening day premium on its offer price of S$1.25. Otherwise, shares were easier and the Straits Times Industrial index ended 1.89 lower at 1,386.98.

Turnover slumped from S$134.6m to S$53.8m, against S$226m last Thursday. After hours, Singapore Automotive Engineering (SAE) came to the market with an offer of 30m shares at S$1.20 each.

TAIWAN weakened in thin trading as the tight credit situation continued to keep investors away. The weighted index fell 9.62 to 4,516.52 as turnover shrank to T$13.93bn, its thinnest trade in seven months, from T$15.17bn.

Banking shares showed signs of recovering as yesterday was the deadline for new banks to raise required operating funds. Fifteen new banks were licensed in June and their fund-raising has hurt liquidity during the past two months.

NEW ZEALAND closed lower in light trading as investors turned their attention back to the market's unimpressive fundamentals. With many companies still using a June 30 balance date to make their annual profit reports, the stock market is braced for more disappointment on the earnings front. The NZSE-40 index fell 10.12 to 1,411.21. Turnover fell to NZ$12.2m from NZ$18.9m.

Fletcher Challenge slipped 2 cents to NZ$3.52 in the wake of its annual profit report last week which showed a drop of 16 per cent in its fiscal year ended June 30.

AUSTRALIA followed the downward trend set by Tokyo. The All Ordinaries index fell 7.7 to 1,533.1. Turnover was boosted to A$421m from A$148m by the sale of 102m shares in Ampol Exploration by Pioneer International. The shares were placed by Barclays De Zoete Wedd Australia late on Friday at A$2.83 each but appeared in Monday's market turnover. Ampol Exploration closed at A$2.85, down 25 cents.

KUALA LUMPUR returned to its recent downtrend, worrying about economic overheating and interest rate prospects as the composite index fell 1.75 to 541.74 in turnover down from M$109m to M$40.4m.

BANGKOK ended mixed in thin trade as investors awaited the outcome of the debate on the draft of a new constitution. The SET index ended 1.31 better at 677.68 on thin turnover of Bt1.58bn.

BOMBAY reached a new high on speculative buying. The BSE index closed 42.61 or 2.4 per cent higher at 1,844.82.

EUROPE

Most bourses begin week on a positive note

MOST BOURSES started the week on a positive note, though Milan was held back by reports of a stock fraud, *writes Our Markets Staff.*

FRANKFURT continued its uptrend following the failure of the Soviet coup last week, the DAX index putting on 26.95, or 1.7 per cent to 1,654.19 after a 10.75 rise to 688.21 in the FAZ at midsession. Volume was reported higher in spite of the holiday in the UK, rising from a subdued DM3bn on Friday.

Mr Jens Wiecking at Merck Finck in Düsseldorf said that many German institutional investors had called strategy meetings after the risk of armed conflict in the Soviet Union had subsided, and were now acting on them. "We even had a big order today from a British institutional investment manager, who came to work on the bank holiday," he observed.

Individual winners were not all front-line Ostphantasie stocks, Allianz rising DM50 to DM2,125 after its recent underperformance and Metallgesellschaft's DM15 rise to DM504 included an element of this, as well as hopes that an east European renaissance would benefit its raw materials trading.

Carmakers saw the strongest correlation with eastern promise, as Volkswagen rose DM12.80 to DM378 while BMW added just DM1 to DM524.50. VW has the biggest exposure to eastern Europe in the sector, having started a big manufacturing plant in east Germany, and following its acquisition of Skoda in Czechoslovakia.

PARIS rose 1.1 per cent as domestic operators returning from their summer holidays were encouraged back into equities by Wall Street's record highs and the collapse of communism in the Soviet Union. The CAC 40 index put on 19.93 to 1,853.38, closing just 1.2 per cent off the year's high of 1,874.81 set in June. Turnover eased to FFr1.7bn from Friday's FFr2.6bn, reflecting the absence of UK investors.

Blue chips were sought after, with Alcatel Alsthom rising FFr7 to FFr584, LVMH adding FFr67 to FFr4,493, L'Oréal up FFr11 at FFr620 and BSN FFr10 higher at FFr919.

MILAN was slightly lower after a shorter-than-usual session as investors retreated to the sidelines following reports that L100bn worth of Italian stocks had disappeared.

The Comit index fell 0.89 to 549.62 in turnover estimated at below Friday's modest L82bn. There were concerns that the stock scandal could disrupt Friday's settlement for the August trading account on Friday.

Cements were boosted by heavy bidding for the state-controlled company Cementir, which was readmitted to trading yesterday after being suspended for more than a month. The state industrial group IRI confirmed that it plans to privarise the cement maker. After a temporary suspension during the session for excessive price gains, Cementir was settled at L2,420 lire, up L340 or 16 per cent from its last closing price of L2,080 before its suspension.

MADRID rose 1.5 per cent, the general index closing 3.68 higher at 273.66. Construction stocks led the rally, Fecsa gaining Pta310 to Pta12,000 and Valderrivas Pta440 to Pta16,090; elsewhere, Endesa rose Pta85 to Pta2,565 in utilities and Banesto, in banks, was Pta95 higher at Pta3,780.

ZURICH firmed, the Crédit Suisse index rising 1.6 to 539.2 with Ciba-Geigy bearers adding SFr50 to SFr3,040 on the strength of the dollar, and last week's half-year results.

BRUSSELS saw more pain for Electrorail, the troubled holding company, which fell another BFr19 to BFr236 following its three-day suspension at BF376 on August 8. The Bel 20 index rose 1.32 to 1,121.86.

STOCKHOLM was lifted by the rescue party for the troubled finance company Gamlestaden. The Affärsvärlden general index gained 12.7 to 1,088.6 in modest turnover of SKr275m. Astra free B's gained SKr13 to SKr558 ahead of its six-month results due today.

OSLO leapt to a new 1991 high. The all-share index rose 9.27 to 525.34, surpassing the previous 1991 high of 522.72 on June 6, in active turnover of NKr400m. Fokus Bank went against the trend, reaching an all-time low on news of huge losses and a state bail-out. Its A shares fell NKr3 to NKr4.2, down from NKr12 on Friday.

VIENNA continued to recover, influenced by developments in the Soviet Union. The Vienna Bourse Index gained 4.28 to 526.59, while the new ATX Index of 18 leading shares rose 12.97 to 1,108.44.

ISTANBUL fell slightly as last week's treasury bill auction diverted fresh cash away from equities. The 75-share market index ended at 3,424.57, down 50.52 or 1.45 per cent.

● The Eurotrack 100 index was not available yesterday due to the closure of the London Stock Exchange.

SOUTH AFRICA

JOHANNESBURG eased in thin trading. The all-share index lost 7 to 3,364 while the all-gold index slipped 22 to 1,122. The industrial index fell 5 to 4,083. Vaal Reefs gave up R5 to R189 while De Beers was steady at R89.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY AUGUST 23 1991								THURSDAY AUGUST 22 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	146.68	−0.9	130.07	127.07	133.69	124.15	−0.7	5.07	147.95	129.30	127.56	132.92	125.07	151.58	112.74	143.09
Austria (20)	173.84	−1.8	154.15	150.61	158.44	158.34	−0.7	1.79	177.02	154.70	152.63	159.03	159.52	222.37	154.82	208.67
Belgium (47)	126.47	−2.2	112.14	109.55	115.26	112.43	−0.9	5.27	129.29	112.99	111.47	116.15	113.51	151.20	118.04	137.13
Canada (114)	140.30	+0.5	124.41	121.54	127.86	116.23	+0.6	3.26	139.58	121.98	120.34	125.39	115.58	142.27	126.49	136.71
Denmark (37)	252.66	−1.8	224.04	218.89	230.27	232.39	−0.2	1.52	256.64	224.28	221.28	230.56	232.91	270.56	217.74	252.21
Finland (18)	95.40	−0.7	84.59	82.65	86.95	85.17	+0.3	2.83	96.02	83.92	82.80	86.27	84.92	125.15	89.53	121.66
France (109)	133.43	−0.5	118.31	115.58	121.59	124.53	+0.9	3.56	134.04	117.14	115.56	120.41	123.48	152.26	119.11	137.65
Germany (65)	108.74	−1.1	94.64	92.48	97.28	97.28	+0.3	2.31	107.93	94.32	93.07	96.96	96.96	125.35	94.15	117.86
Hong Kong (55)	167.29	−0.3	148.34	144.92	152.47	166.76	−0.3	4.23	167.87	146.70	144.73	150.82	167.34	169.98	119.62	119.42
Ireland (18)	159.69	−1.1	136.28	133.14	140.07	141.82	+0.3	3.53	155.41	135.81	134.00	139.62	141.41	182.46	132.88	151.85
Italy (77)	70.77	−2.5	62.75	61.30	64.49	69.13	−1.3	3.38	72.61	63.46	62.60	65.23	70.06	88.23	64.78	87.35
Japan (474)	123.91	−2.0	109.88	107.35	112.95	107.35	−1.8	0.79	126.49	110.54	109.06	113.65	109.06	146.97	118.23	120.44
Malaysia (68)	202.59	−1.7	179.64	175.50	184.64	216.99	−1.7	3.10	206.07	180.09	177.67	185.13	220.72	247.78	189.18	197.14
Mexico (18)	1135.26	−0.1	1006.66	983.50	1034.68	3783.92	+1.0	1.44	1136.24	992.97	979.67	1020.78	3746.16	1152.58	594.45	473.92
Netherland (31)	137.01	−1.0	121.49	118.69	124.87	123.34	+0.4	4.34	138.35	120.91	119.29	124.29	122.85	145.73	125.70	134.56
New Zealand (14)	46.56	−0.7	41.29	40.34	42.44	43.02	−0.6	7.08	46.90	40.99	40.44	42.13	43.27	54.64	41.18	60.59
Norway (32)	199.67	−1.5	177.05	172.98	181.98	185.64	+0.0	1.58	202.66	177.11	174.74	182.07	185.61	223.24	178.58	255.86
Singapore (38)	187.82	−1.5	166.54	162.71	171.17	149.13	−1.6	2.30	190.86	166.80	164.56	171.46	151.55	208.25	151.63	160.52
South Africa (61)	236.90	−1.4	210.06	205.22	215.90	168.40	−1.4	3.23	240.29	210.00	207.18	215.87	170.82	258.85	173.00	179.39
Spain (54)	148.29	−0.3	131.49	128.47	135.14	122.62	+0.8	4.38	148.78	130.02	128.28	133.66	121.67	171.12	131.51	146.20
Sweden (25)	186.36	−2.3	165.25	161.45	169.85	175.59	−0.9	2.53	190.85	166.78	164.55	171.46	177.21	204.12	148.60	192.54
Switzerland (58)	91.08	−1.6	80.76	78.90	83.02	86.53	+0.2	2.23	92.52	80.85	79.78	83.13	86.38	100.67	82.17	95.71
United Kingdom (240)	176.79	−0.8	156.76	153.14	161.11	156.76	+0.7	4.88	178.21	155.74	153.64	160.09	156.74	187.44	156.27	163.01
USA (527)	159.97	+0.6	141.85	138.59	145.80	159.97	+0.6	3.03	158.96	138.91	137.06	142.81	158.96	159.97	125.95	125.57
Europe (829)	137.57	−1.0	121.96	119.18	125.38	124.13	+0.4	3.84	138.98	121.46	119.83	124.87	123.65	151.52	125.50	138.22
Nordic (110)	184.61	−1.8	163.70	159.83	168.25	165.23	−0.5	1.97	188.06	164.35	162.15	168.95	166.00	200.81	155.55	195.17
Pacific Basin (716)	125.84	−1.9	111.41	108.85	114.51	109.29	−1.5	1.16	128.09	111.94	110.44	115.08	110.94	145.92	117.86	121.15
Euro−Pacific (1547)	130.69	−1.5	115.88	113.21	119.10	115.91	−0.7	2.28	132.74	116.00	114.44	119.24	116.74	147.66	121.29	126.45
North America (641)	158.68	+0.5	140.70	137.48	144.64	157.01	+0.5	3.04	157.68	137.80	135.97	141.68	156.02	158.68	125.83	151.63
Europe Ex. UK (589)	114.47	−1.2	101.50	99.19	104.35	105.47	+0.2	3.19	115.85	101.24	99.90	104.10	105.26	129.80	103.58	122.51
Pacific Ex. Japan (244)	142.79	−0.8	126.61	123.72	130.15	126.87	−0.7	4.42	144.00	125.84	124.17	129.38	127.87	147.60	111.40	126.67
World Ex. US (1736)	132.72	−1.5	117.69	114.99	120.96	117.37	−0.7	2.33	134.69	117.71	116.14	121.01	118.17	148.16	122.32	129.41
World Ex. UK (2025)	137.50	−0.7	121.93	119.13	125.33	128.08	−0.3	2.35	138.41	120.96	119.34	124.36	128.44	145.77	120.06	129.95
World Ex. So. Af. (2204)	140.29	−0.7	124.40	121.55	127.87	130.45	−0.2	2.59	141.22	123.41	121.77	126.88	130.66	148.66	122.92	126.74
World Ex. Japan (1791)	151.27	−0.1	134.13	131.06	137.89	143.78	+0.4	3.33	151.36	132.28	130.52	136.00	143.12	152.83	126.69	131.76
The World Index (2265)	140.92	−0.7	124.95	122.08	128.44	130.77	−0.2	2.60	141.88	123.98	122.32	127.45	131.01	149.01	123.28	127.08

Latest prices were unavailable for this edition.
Constituent change with effect 27/8/91: Deletion: Kosmos (Norway).

هكذا من الأصل

3:15 pm prices August 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅝	9¼	AAR Corp	0.48	0.03	17	40	u18⅝	18½	18½	
18¾	14½	A L Labs A	0.16	0.01	17	199	16⅞	15¾	15¾	-½
55¾	40⅞	AMP Inc	1.44	0.03	20	817	53¾	52	53⅞	+1⅛
68⅝	44¾	AMR			11	1268	60⅞	59⅞	60⅜	+1⅞
2⅝	1⅛	ARX			1	13	1⅛	1⅛	1⅛	
56	41½	ASA x	3.50	0.07	13	348	48⅝	48¼	48⅜	+⅛
55¼	39¼	Abbott Lab	1.00	0.02	23	1683	54⅞	54⅜	54¾	
14½	9⅞	Abitibi Pr	0.50	0.03	26	10	u14⅝	14½	14½	
11⅝	10⅞	ACM Gvt In x	1.26	0.11		786	11¼	11⅛	11¼	
9¾	8¾	ACM GvOpp x	1.01	0.11		61	9½	9⅜	9⅜	-⅛
9¾	9⅛	ACM Gvt Sp	1.01	0.11		77	u9¾	9⅝	9¾	+⅛
11	9⅞	ACM Gvt Se	1.26	0.12		222	10¾	10½	10½	
8⅝	7⅝	ACM Man x	1.01	0.12		212	u8⅝	8⅛	8⅜	-⅛
12⅞	11⅛	ACM Mangd x	1.37	0.11		334	12⅞	12¾	12¾	+⅛
7½	4⅝	Acme Cleve	0.40	0.06	17	53	6⅞	6	6⅜	+¼
5	3½	Acme Elect			2	113	4	3⅝	4	+⅛
40	22¾	Acuson			21	2053	32⅜	31⅞	32	-⅜
18¾	14⅛	Adams Exp x	0.73	0.04	0	75	18⅝	18⅜	18⅜	
20⅛	17½	Adobe 12Pt	2.40	0.14		52	17⅞	17⅝	17⅝	
9⅛	6⅞	Adobe Res			46	16	7	7	7	+⅛
38⅞	18	Ad Micro				34	36¼	36¼	36¼	+⅛
14¼	4⅝	Ad Micro P	3.00	0.26	16	660	11⅝	11½	11½	-¼
5⅛	2¼	Advest Grp	0.16	0.04	5	12	3⅛	3⅝	3⅝	+⅛
49¼	33⅞	Aetna Lf	2.76	0.08	7	792	36⅜	35½	36¼	+½
10⅝	6⅝	Aflli A	0.26	0.03	47	1070	8⅝	8½	8½	-⅛
20⅞	12	Ahmanson	0.88	0.05	11	690	18⅝	18¼	18⅜	-⅛
12¾	2⅞	Aileen Inc			16	401	u13⅛	12¾	12½	+⅛
74⅛	51⅞	Air Pr Chm	1.56	0.02	15	649	68½	67½	68½	+2
30	16⅝	Airbos Frt x	0.30	0.01	15	201	28⅝	28¼	28¼	-½
18⅞	12½	Airgas Inc			97	36	18⅛	17⅞	17⅞	+⅛
15¼	10	Airlease	2.06	0.17	8	13	12⅛	11⅞	12	
96½	88⅛	AlaPw8.16	8.16	0.09		3	u96½	95	95	
25⅛	21⅞	AlaPw PtA	2.00	0.08		11	u25⅛	25⅛	25⅛	
105	100	AlaPw9.44	9.44	0.09		z100	104	104	104	-1
108	102⅝	Alab Pw 11				2	104	104	104	
102½	96	Alab Pw 9P	9.00	0.09		2	u102½	101½	101½	
96	88	Alab 8.28C	8.28	0.09		3	94½	94½	95½	+½
10¼	9⅛	AlaPwDpPf	0.87	0.09		34	u10⅛	10	10	-⅛

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

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- X - Y - Z -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
60 1/8	35 3/4	Xerox	3.00	0.05		101022	59 3/4	58 7/8	59 1/4	+1/2
51 1/2	43 1/4	Xerox4.125				6	51 1/4	51 1/4	51 1/2	+1/2
21 5/8	14 1/8	Xtra 1.24 x				9	21 1/8	21 1/8	21 1/8	+1/4
24 7/8	14 1/4	Xtra Corp x	0.72	0.03	77	141	23 1/2	23	23 3/8	+1/2
24 3/4	21 3/4	Yankee Egy	1.60	0.07	11	24	23 7/8	23 3/4	23 7/8	
1 1/2	3/4	Zapata				42	3/4	3/4	3/4	-1/8
9 5/8	5 3/4	ZenithElec			1	410	6	d5 1/4	5 3/4	-1/8
16 1/2	13	Zenith Nat	1.00	0.06	95	66	16 3/4	16 3/4	16 3/4	
8 3/4	4 1/2	Zenix Inc x	0.84	0.14		531	6	5 7/8	6	+1/8
15 1/8	10 7/8	Zero Corp	0.40	0.03	17	25	14 3/4	14 5/8	14 5/8	+1/8
41 7/8	29 1/2	Zurn Ind	0.88	0.02	15	125	38	38 5/8	38 5/8	-1/8
13 1/2	10 1/4	Zweig Fund	1.12	0.09		283	12 1/4	12 1/8	12 1/8	-1/8
10	8 1/2	Zweig Totl	0.95	0.10		318	u10	9 7/8	10	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:15 pm prices August 26

[illegible]

NASDAQ NATIONAL MARKET

3:15 pm prices August 26

[illegible]

A team to share the spoils of victory

After last week's Soviet coup, four former apparatchiks have been appointed to rebuild economic and political confidence. Leyla Boulton examines their qualifications to carry out radical reform

Four sets of shoulders this week carry the awesome burden of producing what the west hopes will emerge from last week's abortive putsch in the Soviet Union: a radical and rapid reform of the Soviet economy. They belong to the four-man team appointed at the weekend to run the economy and help put together a "government of national confidence".

The membership of the team reflects the new balance of power in the country – and a sharing of the spoils of victory from the failed coup. By virtue of Russian president Boris Yeltsin's dominant role in this new Russian revolution, the quartet is headed by his prime minister, Mr Ivan Silayev. The choice of Mr Grigory Yavlinsky, the now world-famous economist, is a clear signal to the country and the world that Moscow is serious about undertaking radical economic reform. The appointment of Mr Yuri Luzhkov, chairman of Moscow City Council's executive committee, is a reward for Moscow, whose authorities played a key role in mobilising resistance to last week's coup. The fourth man, Mr Arkady Volsky, has won a place on the committee for various reasons – his closeness to President Mikhail Gorbachev, his influence and knowledge of state-owned industry, and contacts with western business circles.

With the exception of Mr Yavlinsky, the team is made up of former apparatchiks who have picked up market economics *en passant* – by virtue of occupying senior jobs when the Soviet Union first decided to switch to a market economy one year ago. In contrast to the three others, Mr Yavlinsky has had relatively little experience running the old-style Soviet economy – which may prove an asset when trying to dismantle it.

A leading Russian entrepreneur said he feared the older men – apart from Mr Yavlinsky, the others are aged upwards of 55 – may still be too tied to the old system to effect the radical reforms they sponsor in public. "Luzhkov runs a small factory, Silayev runs a big factory, and Volsky runs a ministry – he is capable of risqué experiments – but he is still a minister," said the entrepreneur, who declined to be named.

Mr Yavlinsky, says this entrepreneur, has a different problem: he is seen as an academic lacking in practical experience. Still, the new team's most precious asset now is its ability to inspire confidence – an asset the previous government never enjoyed, even before it tried to depose Mr Gorbachev and turn back the clock on political and economic reform.

All four men will almost certainly obtain key jobs in a new Soviet government if and when it is formed. Members of the team said yesterday that a two-day deadline they had been set to propose new government members was too tight, because they did not even know what sort of state they would be dealing with in the wake of several republics' declaring independence.

Yesterday the all-union government departments were being run by deputy ministers, since all the ministers have been in effect dismissed. The Russian federation has declared it is taking control of the all-union ministries since they are on its territory – although this has not happened in practice yet.

The team's main test is whether it can begin to persuade all republics to co-operate in a joint effort to salvage the country's finances and currency, secure the harvest and supplies of food and consumer goods, and build a common market. Having held the economy hostage for most of the past year, it is high time for the politicians to stand back and let the professionals get on with it.

Grigory Yavlinsky, 39, has by now become a byword for radical economic reform in both the west and the Soviet Union. He catapulted himself into the limelight this summer through his work on a programme to tie Soviet reform with western aid, only to be let down by President Gorbachev. And now he is back in it again.

Now that Mr Gorbachev has returned from captivity to what he describes as a "different country", Mr Yavlinsky is reaping the rewards of his own persistence, ambition and ability. The failed coup has suddenly provided him and his radical colleagues with unimagined opportunities to implement the kind of reforms they have been advocating ever since drawing up the 500-Day Plan last year.

In one stroke, the revolution has done away with the vested interests that stood in the way of reform, cleared the way for a new government sufficiently trusted by the people to impose unpopular measures, and created genuine confidence abroad in Soviet intentions to reform.

Mr Eduard Shevardnadze, the ex-foreign minister turned prominent liberal politician, said at the weekend that the new prime minister should be a good politician and economist rolled into one. Among the four that label probably best applies to Mr Yavlinsky, even though Mr Yeltsin may prefer to have his own man, Mr Silayev, in the prime minister's job. It is a sign of Mr Yavlinsky's own political astuteness and prestige nationwide, however, that he has remained in favour with the Yeltsin camp while enjoying the respect of Mr Gorbachev. He also commands the respect of ordinary people since he has been untainted by failures in office, and of republican leaders, for his professionalism and for his detachment from the central authorities.

Personally, though, he will have to prove he can stay the course of a hard collective slog. In the past, he has tended to play the political virgin, distancing himself from real politics when he feels in danger of being tainted by compromise: witness his decision to stay away from the London Group of Seven summit last month when Mr Gorbachev was presenting an economic reform programme based in part on Mr Yavlinsky's own work. A prominent Soviet admirer of Mr Yavlinsky said his one weakness was that he was "too bright" for high office.

One of Mr Yavlinsky's most difficult tasks will be to help persuade all republics to work their way out of the Soviet economy's crisis together, even if they opt for political independence. "They must come together, whether by calculated choice or spontaneously – there is no other way out," he said yesterday. A native of the western Ukraine, Mr Yavlinsky expressed confidence four months ago that he could persuade even this most reluctant part of the Soviet Union to co-operate on economic reform. "I will speak to them in their native language." With the Ukraine now apparently set on gaining its full independence, it remains to be seen if his confidence is still well-placed.

Ivan Silayev, the Russian prime minister, is one of those men who revealed hidden strength of character during last week's coup. In helping to organise resistance to the putsch, this 60-year-old former bureaucrat was decisive and assured where previously he had been hesitant and seen by many as Mr Yeltsin's yes man.

Last December Mr Boris Fyodorov, a prominent Soviet economist, resigned as his finance minister in despair, saying: "I have the impression we speak different languages." But Mr Silayev has learned a lot since then. Previously in charge of the Soviet machine-tool building industry, Mr Silayev has at least been able to encourage modest steps to building market infrastructure despite allowing the build-up of a huge budget deficit.

Yuri Luzhkov's main claim to fame in the coup was to have defied an order by the Moscow Communist Party chief to come to his office on the day the Emergency Committee seized power. But behind the scenes, Mr Luzhkov, 55, helped organise Moscow's resistance to the putsch. A Communist apparatchik by instinct, Mr Luzhkov has proved himself dedicated to the goal of radical reform promoted by his boss, Mr Gavriil Popov, the radical mayor of Moscow. As his nomination to the committee shows, he is one of the winners of the nationwide winnowing process now underway to sort the guilty out from the good.

For all of them, however, merely having been virtuous during the coup is just the first test. What comes next – putting together a viable economic reform programme in a country that is disintegrating – will be much more difficult.

Serious about reform: Grigory Yavlinsky, left, and Ivan Silayev, members of the new Soviet economic team

Leyla Boulton talks to Arkady Volsky, head of a Soviet employers' group and a member of the economic reform team

Making the Soviet Union fit to do business in

Mr Arkady Volsky likes relating Kremlin intrigues to a witticism of Saint-Simon, the 17th century observer of French court life:

"Two hundred years ago, Saint-Simon said one must quickly and diligently change a minister's chamber pot – but pour the contents on his head as soon as he stops being a minister."

Betraying his patron after he appeared to have lost power was one thing Mr Volsky, a friend and associate of President Mikhail Gorbachev, did not do when the latter was ousted in last week's abortive coup – unlike most of the Soviet government and party leadership.

As head of a fledgling Soviet equivalent of an employers' confederation, the Scientific-Industrial League, this smooth 59-year-old former apparatchik had not hesitated to speak his mind before the coup. But during the three days in which a self-proclaimed emergency committee tried to crush the Soviet Union's fledgling democracy, he worked behind the scenes against the attempt to turn back reforms. He even claims to have helped dissuade elite KGB units from storming the Russian parliament building where Mr Boris Yeltsin was making his stand.

Now, having vowed to stay in the party so that it would not be taken over by hardliners, Mr Volsky has had no qualms about its subsequent collapse. He believes that the Democratic Reform Movement which he helped found along with Mr Eduard Shevardnadze, the ex-foreign minister, and other liberals, will soon be transformed into a new party.

A member of the party Central Committee dissolved by President Gorbachev at the weekend, he is one of the few presidential allies untainted by the coup – which had the benefit of unmasking others who had simply paid lip-service to goals of radical economic and political reform.

This is not to say he does not harbour personal ambitions. It is an open secret in Moscow that he has been "training" for the office of prime minister for a while now. But in a prophetic interview three days before the coup, he said he would not accept any offer of a government post from Mr Gorbachev as long as he persisted in "working with cadres the way he does now" – shorthand for the disastrous judgment which made possible his betrayal by his own ministers. Although Mr Volsky is now likely to obtain a prominent ministerial post in the new government, the loss of influence of Mr Gorbachev, his patron, means that the top government job will go to a Yeltsin man instead.

His critics say he remains a creature of the bureaucracy which spawned him. But he has done a lot to protect himself from such criticism.

Although not an economist himself, he has been able to surround himself with people who are, hiring two of the authors of the 500-Day Plan to join his team of advisers.

He also has much influence among Soviet enterprise directors, as well as excellent contacts with western business leaders. His office has been an important port of call for visiting western executives seeking advice on doing business in the USSR.

On September 5, he is due to co-host the first ever gathering in Moscow of the World Economic Forum, the group of business and political leaders that meets in the Swiss resort of Davos every winter. Assuming this still goes ahead, it is to be preceded by a three-day gathering of European industrialists including members of the British Confederation of Industry and the French *Patronat* – organisations which his Scientific-Industrial League seeks to match.

A man of personal charm, with the air of a prosperous western business magnate, he is a skilled operator – managing a network of contacts ranging from the party's old boy network to the new entrepreneurs. He was also one of the party's earlier, and more genuine, proponents of the shift towards market economics in the Soviet Union – once the movement to effect such a change had got under way.

"Having smelled the wind of change, he made a 180-degree turn but a sincere one, unlike other communist bureaucrats who only paid lip-service to change," said a western diplomat.

Before he became chairman of the Scientific-Industrial League last year, he had been governor of Nagorno-Karabakh when the disputed enclave was placed under Moscow's direct rule for 18 months. His only previous experience was working for the party – a career he began as party secretary at the Likhachev plant which produces Zil limousines and trucks. He then moved swiftly up the ranks to become head of the Central Committee's machine building division.

Under Mr Gorbachev's patronage he was promoted to full Central Committee membership in 1986, where he remained an ally of the Soviet leader. At last April's plenum, when hardliners were calling for Mr Gorbachev's head, he presented a declaration of 72 Central Committee members who threatened to resign if the Soviet leader was forcibly ousted from his party post.

But over recent months, he has also been consistently giving President Gorbachev the same advice as his other colleagues on the board of the Democratic Reform Movement – to leave his party post and the party – advice which Mr Gorbachev followed only last Saturday by resigning as general secretary and clearing the way for the party's collapse.

Always among the more optimistic observers of the Soviet economy before the failed coup cleared the way for radical market reforms, Mr Volsky has long pointed to a natural, unstoppable groundswell towards a market economy from below.

"There are 11m lease-holders, 7m co-operatives. That's 18m people, and if you take their families into account, 70m people. That's an enormous mass of people which cannot be ignored."

Mr Volsky is fond of repeating statistics to prove his point. While Soviet GNP fell 10 per cent in the first six months of this year, those who "work with the laws of supply and demand" increased their output by 1.5 per cent, so Mr Volsky claims. Again more figures: the country already has 4,000 commercial banks and 300 Soviet-style commodity exchanges.

The fledgling entrepreneurs behind these private-sector manifestations are an increasingly potent force, as they showed with their spirited response to the coup.

While more conservative directors of state-owned enterprises rallied around the rival organisation of Mr Alexander Tizyakov, who turned out to be one of the members of the Emergency Committee, Mr Volsky has been busy over the past year trying to mobilise the more progressive directors of state-owned industry.

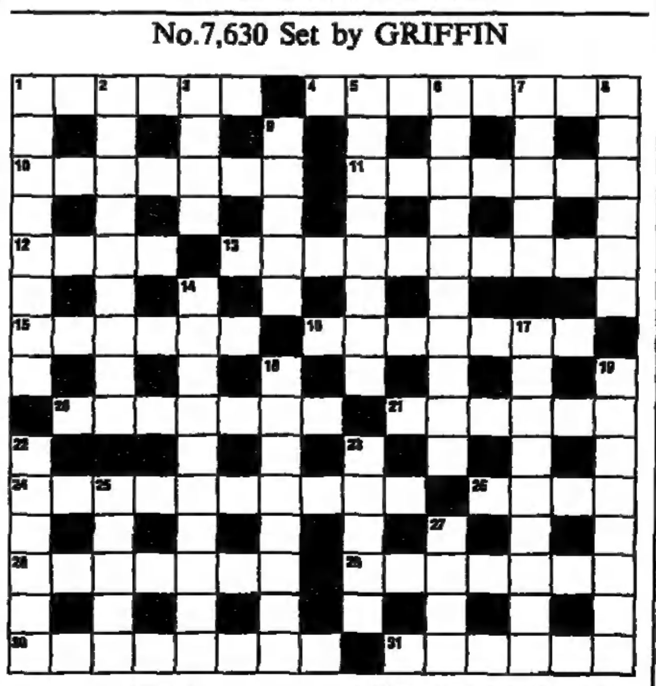
Mr Volsky is sceptical about the feasibility of republics going off on their own and obtaining full independence; rather, his main priority is to remove trade barriers between the republics and stop the so-called "war of laws" between republican and central authorities. Despite the rash of declarations of independence, he hopes that the degree of interdependence between the republics will prompt their leaders to sign economic agreements providing for some kind of free trade zone.

He says he is committed to a clear timetable for speedy radical reform – which Mr Yavlinsky will be seeking to resurrect. He has been active in efforts to make investment in the USSR a more attractive proposition. Before the coup, he was involved in attempts to set up risk insurance for foreign businessmen in the Soviet Union. The events unfolding since last week may themselves go a long way in helping him create an atmosphere people can do business in.

JOTTER PAD

CROSSWORD

No.7,630 Set by GRIFFIN



ACROSS

1, 4 Nun by dam on N. American Lake (6,8)
10 Opposed to a home in Silver Street (7)
11 Seats let out in groups (7)
12 Duck left after meal (4)
13 Very old and quite doddery, swallows most fat (10)
15 Very good in cooked game bird (6)
16 North American team caught in base (7)
20 Fried bread, cold, ruined our weight (7)
21 It's high class, black and functional (6)
24 Realise it's a recipe apt to go wrong (10)
26 Not a moving prison (4)
28 Additional article's missing, can't separate (7)
29 Now ask one in, fatty! (7)
30 Travelling to spring fair (8)
31 Dissertation by the first person on board (6)

DOWN

1 Intended me to include one interval (8)
2 Battle deserter stands holding soldiers' flag, trembling (9)
3 Bird requires a little bigger nest (4)
5 Not adapted and unused, it disintegrated (8)
6 So I, when in hospital, wanted a fan (10)
7 In it not one African flower is opening (5)
8 Live there without the team (6)
9 Way person put on weight (5)
14 Occupy place on top rank (10)
17 Flier by altar sobs uncontrollably (9)
18 Prisoner is not to stand by lake (8)
19 Matchless man looks intently around (8)
22 Jokers take Queen in bets (6)
23 Traction engine driver? (5)
25 Pop it back round to the courtyard (5)
27 It's eaten by mum if up first (4)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday September 14.